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ABSTRACT

Emphasizing the specific details of organizing and operating a business on an Indian reservation, this course syllabus is designed to provide American Indian college students with a general and basic understanding of past, existing, and future economic concepts affecting Indian reservations and to provide a practical, working understanding of business organization, business procedures, and business management. This eight-chapter text includes numerous tables and charts and chapters focused upon the following: the history of economic development on South Dakota Indian reservations; organization of small businesses on Indian reservations; initial steps in starting small businesses (site selection, equipment, facilities, etc.); small business operational procedures (purchasing, pricing, merchandizing policies, selling, etc.); small business considerations (credit and collection, budgeting, record keeping, business risks and insurance, banking, etc.); personnel procedures (hiring, firing, etc.); and the unique government-reservation relationship. The subject matter presented in chart form includes: low and high status occupational categories; sole proprietorship; partnership; corporation; store lay out; and purchasing cycle. Each chapter includes a narrative followed by discussion questions. Also included are extensive appendices and a bibliography. (JC)

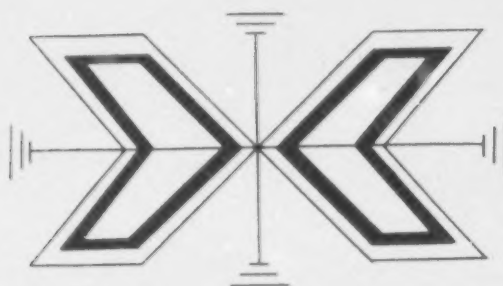
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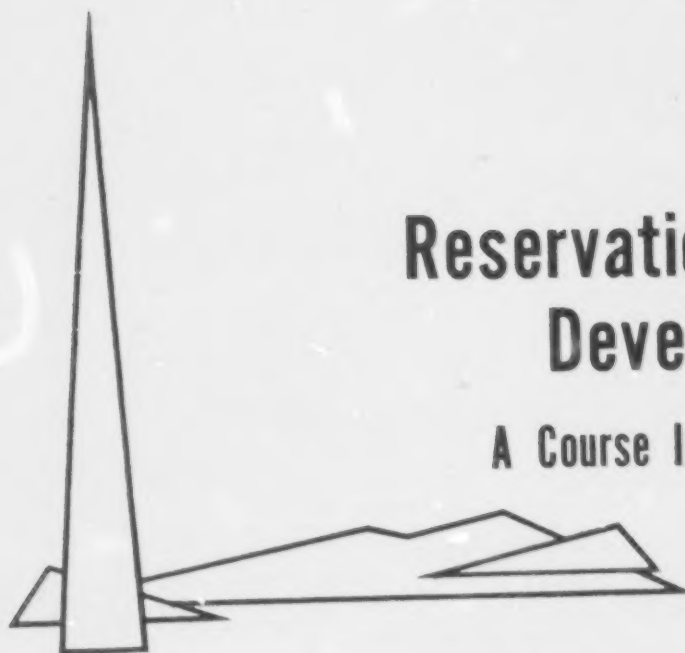
Indian Studies

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Reservation Economic Development

A Course In Small Business



RC009951

\$ 1.20

RESERVATION ECONOMIC DEVELOPMENT

Econ 203

3 Credit Hours

Course Description:

This is a course designed to provide the students with a general and basic understanding of past, existing, and future economic concepts affecting Indian reservations. It is organized to help the student stimulate and increase his practical and working understanding of business organization, business procedures, and business management. The course will hopefully be of value to those who are presently working in a business, those who may have an opportunity to manage a business, and those who may eventually own their own business.

Particular attention will be given to the specific details of organizing and operating a business on an Indian reservation.

This Reservation Economic Development course outline was made possible by an appropriation from the State of South Dakota to Black Hills State College, Center of Indian Studies, Spearfish, South Dakota.

The opinions expressed do not necessarily reflect the position or policy of the State of South Dakota and no official endorsement by the State of South Dakota should be inferred.

The Center of Indian Studies acknowledges the cooperation of the reservation chairmen and staffs, the Bureau of Indian Affairs, and State and local businesses in providing basic information utilized in this course.

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Introduction

Economic development means different things to different people. To almost everyone, it is simplified to mean jobs, income, a better standard of living, a better way of life, or an improvement in the quality of life. To some, it may mean the end of Indian trust responsibilities. It is now more incumbent for Indian people to define, plan, and implement their own economic development in their own style to serve their own needs.¹

It is necessary to develop an economy that is able to support an Indian community without exploitation of its human and natural resources. Economic development should not be directed toward the hope of eventually forcing Indians to move off their reservations. It should be viewed as a stabilizing force that will insure better living through perpetual employment opportunities for reservation people.

There are many reasons why so few Indian businessmen are participating in the operation of business enterprises within the reservation. One of the main reasons why is they have not had equal access to loans or the economic benefits of ownership on or near Indian reservations.²

Traditionally, banks near reservations have applied what are generally known as the 3 C's of credit--credit, character, and capacity--as criteria for extending loans.³ This time-honored method of determining bank loans is designed for the white businessman with his many centuries of business experience and often is a handicap to Indian businessmen

¹Leon F. Cook, "Economic Development in Indian Country" (unpublished paper, 1972), p. 1.

²District of Columbia Advisory Committee, Obstacles to Financing Minority Enterprises (Washington: Government Printing Office, 1974), p. 1.

³District of Columbia Advisory Committee, p. 1.

because many lack formal education, available savings, and business experience. Yet, it is the Indian operators who will determine, to a great extent, the economic future of the reservation.

Some research indicates that, due to the cultural value system of the Plains Indian (sharing), Indians generally make very poor entrepreneurs.⁴ There is the danger of being emotionally ostracized from the community for engaging in standard business practices and procedures. Sharing, Indian style, especially within the family group, is an obligation clearly understood by members. The very nature of the profit incentive concept of business is foreign to Indian people. Therefore, if an Indian has a store filled with groceries and some relatives are without food, it is incumbent upon the store owner to share. This type of "business" procedure obviously will be disastrous if it becomes habitual. This fact, plus the natural inclination of the Indian to want to share, deters many potential Indian businessmen from being placed in this type of situation.

An alternative to direct Indian involvement that has possibilities and is evident on some reservations is to form a business venture and hire non-Indians to operate it. This disassociation from the day-to-day operation by Indian owners of the business has some merit; however, this is not the solution but rather a stay of execution.

It must be remembered that non-Indian people have been in business for hundreds of years. Business dealings are natural and well understood. The Indian is relatively new at the game. His teachers are many times refugees from legitimate businesses who were of the "get rich" period and with no business ethics that were sacred. Trickery and gross exploitations of the Indian characterized the activities of the early traders. It was this

⁴Vernon D. Malan, The Dakota Indian Economy, Sulletin 509 (Brookings, South Dakota: South Dakota State University, 1963), p. 4.

group that may have stultified the Indians' desire to want to have anything to do with this model of human degradation.

The future of the reservation system is beset with problems of survival. Treaty obligations and jurisdictional disputes are no closer to solutions now than they were one hundred years ago. Mr. Indian absolutely cannot wait until someone gets around to solving problems related to Indian reservations.

No one thrust will magically solve all problems in a few years. Each issue is deserving of concerned and cooperative attention by interested and involved persons.

Economic development is only one of the major issues that needs attention. To expect a complete solution is simply unrealistic; however, common logic dictates Indian owned and operated businesses on the reservation would ultimately resolve off-reservation spending and enhance local economic development.

This course, Reservation Economic Development, is an attempt to stimulate interest in reservation businesses by understanding the factors involved in starting and operating a small business on the reservation.

Center of Indian Studies
Black Hills State College
Spearfish, South Dakota 57783

December, 1975

To The Instructor:

This syllabus is designed to encourage Indian people to establish small businesses on or near reservations. Many business opportunities are available, especially to Indian people; but for various reasons, Indians are reluctant to take advantage of these opportunities.

Indian owned and operated businesses are few in number, and the fatality rate for new and developing businesses is extremely high. National research indicates the reasons many businesses fail are the lack of adequate pre-business training and inadequate financial resources.

It is the intent of this course to provide appropriate guidelines for establishing and operating successful businesses on Indian reservations. Because inadequate financing accounts for many business failures, the course includes ways and means of applying for small Indian business loans and other financial resources that are available to potential Indian business people.

Results of many recent, local reservation surveys and research are included in this syllabus.

The Center of Indian Studies is proud to include this course as an essential part of the Indian Studies total curriculum. It is hoped that it will stimulate an interest and lasting involvement in some meaningful aspect of reservation business by Indian people.

It has been speculated that a healthy, contemporary reservation economy mandates the development of a merchantile class of Indian entrepreneurs who will themselves accept and perpetuate the free enterprise concept.

CHAPTER I
HISTORY OF ECONOMIC DEVELOPMENT ON
SOUTH DAKOTA INDIAN RESERVATIONS

After two hundred years of experimenting with reservation economics, the situation has changed but very little. There is a preponderance of evidence to support the conclusion that Indian reservations are "pockets of poverty" within seemingly prosperous and progressive communities. Indians are worse off than most minorities in the United States.⁵ Incomes are lower, unemployment rates are higher, and employment opportunities are restricted and limited to low status jobs that are not usually conducive to self-stimulation and pride of accomplishment.

One might question why, despite the expenditures of large amounts of money, brains, and energy, the Indian still remains economically deprived, mentally confused, and frustrated. Some have suggested that an inconsistent and paternalistic government has followed the line of least resistance by providing subsistence rather than developing major and permanent economic programs. Others suggest that, due to the dependence on yearly congressional appropriations, the Bureau of Indian Affairs has been forced to operate on a year-to-year basis which prohibits long-term planning. Whatever the prognosis, the fact remains there is a need for a major economic development program on all Indian reservations, especially those

⁵Office of State Indian Programs Coordinator for South Dakota, Economic Development Program Announcement) Pierre, South Dakota: Office of Indian Affairs, 1975), p. 34.

in South Dakota.

Locations

There are nine Indian reservations in South Dakota. Their descriptions follow.

The Pine Ridge Reservation is located near the southwestern corner of the state. The southern border touched the Nebraska state line for approximately two hundred miles. This close contact with out-of-state businesses has been a problem for economic development planners for a number of years.

The Standing Rock Reservation is located in Sioux County and a small portion of Adams County in North Dakota and in Carson County and small portions of Dewey and Ziebach Counties in South Dakota. The east boundary of the reservation is the Oahe Reservoir, the south boundary is the Cheyenne River Indian Reservation, the west boundary is the 102° meridian west of Greenwich, and the north boundary is the Cannon Ball and Cedar Rivers.

The Cheyenne River Reservation is located in the north central part of South Dakota almost equi-distant from Rapid City and Aberdeen. The eastern boundary of the reservation is formed by the banks of the Oahe Reservoir of the Missouri River. All of Dewey and Ziebach counties are contained in the reservation area (the exterior boundaries of the reservation are the same as the exterior boundaries of Dewey and Ziebach Counties combined).

The Lower Brule Reservation is located in the center of South Dakota, with its northwest corner within fifteen miles of Pierre. Highway 47, which crosses the Big Bend Dam, traverses the southern part of the reservation. The Indians now have 74,922 acres of tribal land and 31,813 acres

of government-owned lands, for a total of about 119,944 acres.

The Rosebud Indian Reservation is located in south central South Dakota. As established by the Act of March 2, 1889, it was bounded on the north by the White River, on the east by the Missouri River, on the south by the Nebraska border, and on the west by the Pine Ridge Reservation. Today, within this area there remains about one million acres of Indian trust lands interspersed with non-Indian holdings.

The Yankton Indian Reservation was established by the Treaty of 1858, along the north bank of the Missouri River, and included about 431,000 acres in the territory now known as Charles Mix County in South Dakota.

The triangular shaped external boundaries of the Sisseton Reservation encompass 918,983 acres of land and were established by the Treaty of 1867 after dispersal of the various bands of the Missouri Sioux following the Minnesota Uprising of 1862.

The Crow Creek Indian Reservation lies approximately in the center of the state and is located in three counties: Hyde, Hughes, and Buffalo. Its western boundary is the Lewis and Clark Trailway and the Fort Randall (Lake Francis Case) and Big Bend (Lake Sharpe) Reservoirs. The Big Bend Dam and Highway 47 cross the Missouri River at Fort Thompson, South Dakota.

The Flandreau Indian Reservation is located on a fine tract of land north of and adjoining the townsite of Flandreau. The Flandreau reservation is situated on the Big Sioux River north of Sioux Falls.

Climate and Topography

The climate of the reservations is seasonal, with temperature extremes ranging from approximately 25° below zero in winter to 115° in summer. The average annual precipitation is 16 inches. Blizzard conditions frequently cause loss of life and property. Also destructive to agriculture are

periods of drought and unseasonable frosts. The altitude of the reservations range from 2,000 to 3,500 feet above sea level. The topography is characterized by rolling plains, rivers, creeks, buttes, ravines and low ridges.

Politics

The political divisions within reservations in South Dakota are many and very complex. For our purposes, we will say generally that reservations are made up of organized counties, unorganized counties, tribal lands, federal lands, and state lands. As if that is not complicated enough, there are villages and incorporated and unincorporated towns within the reservation.

Because of the degrees of jurisdictional control by county, state, and federal governments, reservations abound with political ramification and confusion.

Communication

Technical communication facilities are lacking on most of the reservations. Emergencies sometimes use the police to relay messages. Isolated communities are without immediate help or means of receiving or sending messages.

Radio and television reception on reservations leaves much to be desired. Newspapers are available to the reservations, but are usually outdated by the time they reach the reservation.

Transportation

The reservations are fairly well serviced by a network of asphalt, oiled, and dirt roads, which are maintained by the county, state, and the Bureau of Indian Affairs.

Few Indian families can afford new cars or have steady incomes to qualify for credit buying; second-hand car dealers do an enviable business selling "junkies" to unsuspecting Indians. Thus, the reservations become junk yards for old cars.

Because public transportation is limited on or near reservations, the sharing of rides provides the major means of transportation.

The past and present economic situations on Indian reservations contribute to the cause of many of the present problems. The failure to find or provide a substitute for the traditional hunting culture has disrupted and affected the total Indian way of life. Rations and annuities plus confinement to a reservation further de-Indianized the people to a state of total dependency, and "Indian issues" became a way of life. The absence of a dependable economic base and related activities has had a profound affect not only on the material but the mental aspects of life. With restricted economic activities, the male status role was lost and life lacked the zest of yonder years.

Farming met with a minimum amount of success. This may have been because cultural rejection of farming or the unfavorable climatic conditions.

Cattle raising had possibilities of serving as a substitute for the early hunting culture; however, during the turn of the century and World War I, Indians were encouraged to sell their cattle and land to allow large cattle companies to move their herds on the reservations.⁶ Many Indian families held on to their lands and managed to survive all attempts to separate them from their land and cattle. These ranchers today are one of the stabilizing forces in operation on the reservations.

⁶Eileen Maynard and Gayla Twiss, That These People May Live (Washington: United States Department of Health, Education, and Welfare, 1968), p. 54.

During World War II, many Indians left the reservation to work in war industries. After working and living in large cities, the Indians had developed life styles that did not necessarily coincide with the living patterns of those who had remained on the reservations. This situation resulted in a shuffling of persons between the cities and the reservations. It would appear that the city living had temporary attractions for some, but the reservation was their ultimate choice.

The income level of the majority of Indians is below the national poverty level.⁷ Unemployment is approximately ten times that of the white population. The problem is not only of unemployment but of underemployment as well.

The most important factor in employment is education. The higher one's educational level, the greater the likelihood of being employed. Among college graduates, there is very little unemployment.⁸

The government agencies on the reservations provide the backbone of the economy. Approximately 54% of the population is employed directly or indirectly by government agencies.⁹ Other sources of employment are construction, industry, and agriculture (in state and out of state). All of the latter are considered seasonal.¹⁰

It is obvious that Indians on reservations have a limited number of choices in regard to employment.

⁷We, *The First Americans, A Statistical Report* (Washington: United States Department of Commerce, June, 1973), pp. 10-11.

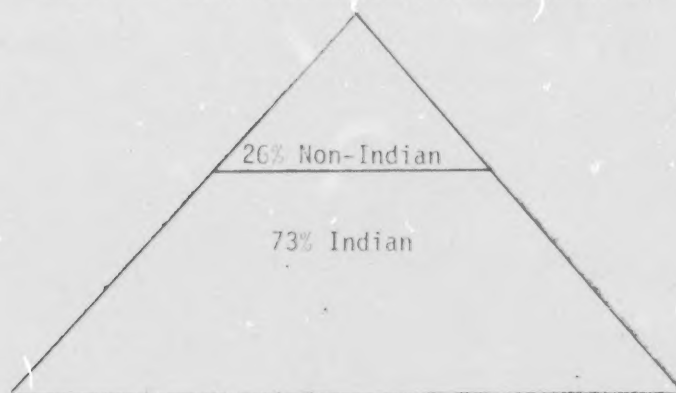
⁸Maynard and Twiss, p. 61.

⁹Maynard and Twiss, p. 62.

¹⁰Oglala Sioux Tribal Planning Board, "A Progress Report of Economic Development on the Pine Ridge Reservation, Years 1967-1971" (report presented to the Oglala Sioux Tribal Council, May, 1973, Pine Ridge, South Dakota), pp. 1-2.

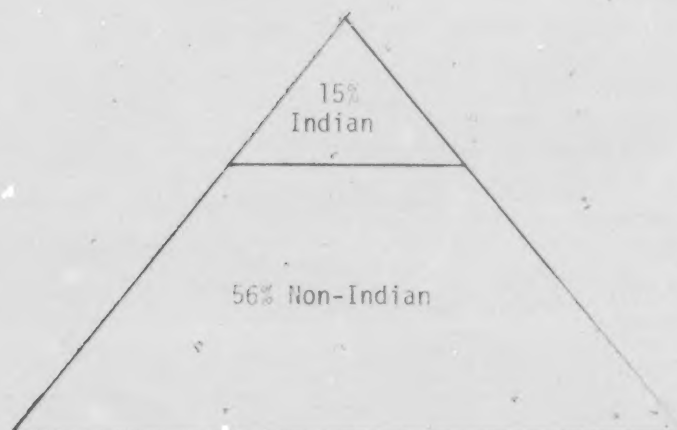
Chart I is an illustration of the fact that the majority of Indian workers fall into the lower status occupational categories.

CHART I LOW STATUS OCCUPATIONAL CATEGORIES¹¹



In contrast, over 50% of the non-Indians fall into the highest status categories, as illustrated in Chart II.

CHART II HIGHEST STATUS OCCUPATIONAL CATEGORIES¹²



¹¹Maynard and Twiss, p. 66.

¹²Maynard and Twiss, p. 67.

There are three major sources of income among Indians on reservations: earned income, welfare or pensions, and land lease payments. It has been estimated that over one-third of the reservation receives a pension or welfare payment each month.¹³

The preceding general comments serve as an introduction to our study. Many types of enterprises have been suggested to stimulate the reservation economy, such as military bases, fire fighting units, data processing headquarters, and the popular tourism dream. We are in harmony with any and all types of enterprise that will stabilize and improve the economic situation on the reservations.

Our study will address itself to the establishment of small businesses on Indian reservations. At the present time, due to the scarcity of small commercial enterprises, an enormous amount of capital flows off the reservation to the prosperous and progressive reservation border towns (See Appendix, Reservation Income Expenditure Cycle).

Once the dollar leaves the reservation, its local community development potential is spent and no further benefits can be expected.

In the next chapter, we will try to stimulate an interest in and the possible operation of small businesses that capture some of the dollars flowing off the reservations almost immediately after being received. The reason is that, by force of events, the reservation population is a consumer population.

It is the opinion of the writer that it is essential that there be developed on the reservations a merchantile class of people to initiate, perpetuate, and control small business activities on the reservations. It is mandatory that the dollar touch many hands on the reservation before it

¹³Maynard and Twiss, p. 67.

will serve as a catalyst for community economic development.

CHAPTER II ORGANIZATION OF SMALL BUSINESSES ON INDIAN RESERVATIONS

A. Opportunities in Establishing Businesses on the Reservation

Local reservation planning statistics indicate that there are many opportunities for Indian people to organize and operate small businesses in the reservation communities of South Dakota.¹⁴ Statistics also indicate that the lack of ability and lack of proper training in basic operational procedures account for the fatality rate of 95% of reservation businesses during the first eighteen months of operation.¹⁵

Business failures are those businesses that cease operation following bankruptcy or assignment, with loss to creditors after such action as foreclosure or attachment, voluntary terminating with unpaid obligations, involvement in court actions, or voluntary compromises with creditors out of court.

The first years of a new business are the most hazardous. They are a testing period of the managing ability of the owner. Inadequate sales, operating expenses, accounts receivable, inventory, excessive assets, competition, weak location, health and related problems, fraud, and disaster are all contributing risks to the testing period's difficulty.

¹⁴Oglala Sioux Tribal Economic Planning Board, "Indian Owned Businesses on the Pine Ridge Reservation" (report presented to the Oglala Sioux Tribal Council, June, 1975, Pine Ridge, South Dakota).

¹⁵Oglala Sioux Tribal Economic Planning Board.

Small business is defined as a single retail store, cafe, laundry, or some other type of business than can be operated by one or a few individuals. Over 90% of all businesses in the United States are considered small businesses. Businesses having less than \$100,000 annual income are classified as small businesses.

The following are examples of typical small businesses found on reservations.¹⁶

television repair
window and rug cleaning
clothing store
gasoline service station
auto repair
shoe repair
laundry
motel
beauty parlor
bowling alley
manufacturing

bakery
restaurant
trucking
grocery store
bars
auto sales
entertainment
hardware
furniture
insurance
appliance

B. Financial Requirements for Starting a Businesses

One must have adequate money or must be able to borrow before thinking seriously about starting a business. The amount of money needed is based on a calculated estimate.

In business, the term capital is used to refer to money invested in equipment and merchandise as well as operating cash. Fixed capital is money invested in fixtures, equipment, and real estate. Working capital is money invested in merchandise, accounts receivable, and cash on hand.

The lack of financial backing is one of the main causes of business failure. Money is needed to start a business and to be available for borrowing during the early life of the business.

In starting a business, one must be concerned about how his money is

¹⁶Oglala Sioux Tribal Economic Planning Board.

invested so that he will have a healthy relationship between operating capital and fixed capital. This will fluctuate. Percent of fixed assets to total assets of small businesses may be obtained from the United States Department of Commerce. The figures may be adjusted to unique reservation situations.

The way in which a person conducts a business will determine how much financial assistance will be needed. If the business operator is selling "on credit," he will be forced to borrow occasionally. A business with a high merchandise turnover needs less capital than one with a low turnover because the former has a smaller amount of money invested in merchandise. A turnover of three times a year means that the merchandise is on the shelves an average of four months from the time it was bought until it was sold. It is helpful to the new businessman if he knows approximately how many times his merchandise will turnover in a year's time in order for him to anticipate his financial needs (estimate).

The high turnover businesses are¹⁷

Meat markets, 50 - 70 times per year
Restaurants, 30 - 50 times per year
Retail grocery stores, 9 - 13 times per year

The low turnover businesses are¹⁸

Jewelry stores, .5 - 1 time per year
Hardware stores, 1 - 2 times per year
Shoe stores, 1.5 - 2 times per year

High turnover businesses can operate successfully with smaller gross profits on each item than a typical jewelry store.

Many businesses fail because they are inadequately financed. Not

¹⁷Bernard A. Shilt and Harmon W. Wilson, Business Principles and Management (2nd ed.; Chicago: Southwest Publishing Company, 1947), p. 235.

¹⁸Shilt and Wilson, p. 235.

enough financial planning may cause a person to start a business without enough money available through the periods when sales are at a low point. The study of financial statements of similar businesses is helpful in anticipating money needs. Charts are available that serve as models for estimating sales and operating expenses of various kinds of businesses.

It is advisable to use the statistics prepared by the United States Department of Commerce in preparing estimates of how much capital is required for a person wishing to start a certain type of small business.

Where to get money to start a business? If you are the sole owner, you are the proprietor. Any money that you invest in a business is called proprietary capital. The money that you have may be your own or that which you can obtain by borrowing on your home or some personal property.

Borrowed capital is of two types: long term and short term credit. The bank may be your main source of credit. Credit statements are usually required of customers by lending agencies before working a loan.

Installment buying may be a source of credit. Private lenders are usually available for business loans. The interest rates of private lenders are usually high in comparison to banks. Insurance companies are able to provide a variety of loans for the businessman. A variety of small business loans are available to minorities (United States Government backing) at reasonable interest rates and reasonable repayment schedules.

The desire to stay in business is determined by your own commitment to meeting your financial obligations when they become due. Borrowing and credit are vital ingredients of a small business.

There are advantages and disadvantages in buying an existing business. On the reservation, the existing businesses are very few and limited to trade posts or general stores. Because of the scarcity of existing

businesses, we will limit our discussion to starting new businesses.

C. Types of Business Organizations

An enterprise that is owned and managed by one person is known as an individual proprietorship, an individual enterprise, or a sole proprietorship. The one person usually owns, manages, and is the sole recipient of the profits. He may be considered a capitalist, a land owner, and a laborer. He alone is responsible for the successful operation of the business. He must furnish the money, the expertise, and usually the labor. For all this, he is entitled to the profits, if there are any!

Below is a sample financial statement of a sole proprietor:

<u>Assets</u> (Property of Business)		<u>Claims Against the Assets</u>	
Cash	\$ 3,000	Accounts Payable	\$ 2,500
Merchandise	4,500	Mr. X, Proprietor	7,500
Equipment	500		<u>\$10,000</u>
Land and Building	2,000		
	<u>\$10,000</u>		

What are the advantages of the sole proprietorship?

1. Being sole boss.
2. Will receive all profits.
3. Better understanding--customers and employees.
4. Easily adjustable.
5. Easy to go into business.

What are the disadvantages of the sole proprietorship?

1. Business requires a person who is versatile in the total field of business. This versatility is hard to find in one person such as one would find in the sole proprietor.
2. Financial assistance is limited to the ability of the person.
3. Loss not distributed, it remains with the one owner.

There are certain kinds of businesses that are especially suited to the sole proprietorship, such as personal services, accountants, carpenters, barber shops, and low-investment businesses.

What is a partnership?

1. The joining of two or more sole proprietorships into one or more businesses.
2. The contract is known as Articles of Copartnership.

What are the advantages?

1. Can be operated more efficiently.
2. Will have more capital.
3. Will have more financial resources.
4. Greater interest (twice as much).

What are the disadvantages?

1. Each member has unlimited financial liability for all debts of the business.
2. More chance of disagreements.
3. Uncertainty of life; if one partner dies, the partnership usually dissolved per contract.
4. Financial responsibility limited to the abilities of each partner.
5. Sometimes, the distribution of profits, unless provided for, can cause trouble between owners.

The kinds of businesses that lend themselves to this form of organization are many, usually those with more than one kind of product or service.

The naming of a partnership presents problems in certain states. Regardless of the names in a partnership (a trade name), each owner is responsible for his part of the Articles of Copartnership.

A corporation is a form of business organization that is an association of individuals organized under a charter granted by the state. It is an artificial person created by the laws of the state.

What are the essential characteristics of a corporation?

1. Ownership is divided into parts called shares of capital stock.
2. The stockholders own the business.
3. The stockholders elect directors who formulate general plans and policies. They also elect officers who are responsible for the management of the business.

What are the disadvantages of the corporation?

1. Limited by charter.
2. Restricted to area of state or states.
3. Detailed financial records and reports.

4. An impersonal monster operated by stockholders.
5. Subject to higher taxes.
6. Regulated by state and federal government.
7. Clerical work.
8. Stockholders are doubly taxed.

Businesses organized as corporations are those that require large amounts of capital and those that have uncertain and/or public futures, such as amusement parks.

Some forms of businesses within the corporate structure are: holding companies, which hold enough stock from other corporations to control the management (example: American Telephone and Telegraph); mergers and consolidations, which are the combining of companies into one new company, and which usually is only a bookkeeping procedure; and cooperative enterprises, which are organizations owned and operated by its members and organized to provide goods and services to its members (examples: consumer coops, retail coops, service coops, wholesale coops, producers' coops, and cooperative marketing).

The profits of coops are shared with members by the issuance of patronage dividends.

D. Internal Organizational Structure

In a one-man business, the problem of organization seems simple because one man does all the work. When one employee is hired, the problem of organization begins because a delegation of authority and responsibility must begin.

The following organizational charts illustrate the areas of responsibility.

CHART III SOLE PROPRIETORSHIP¹⁹

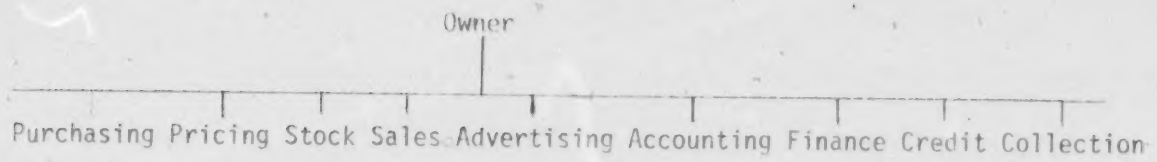
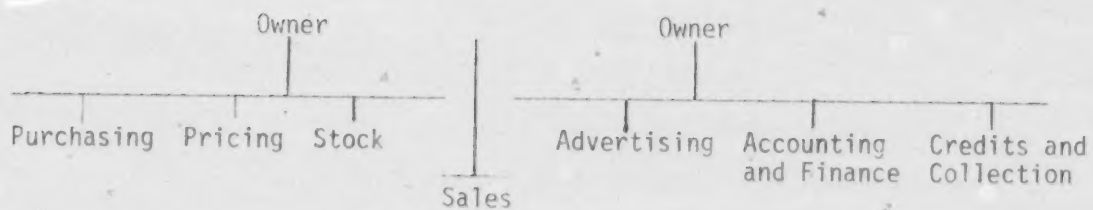


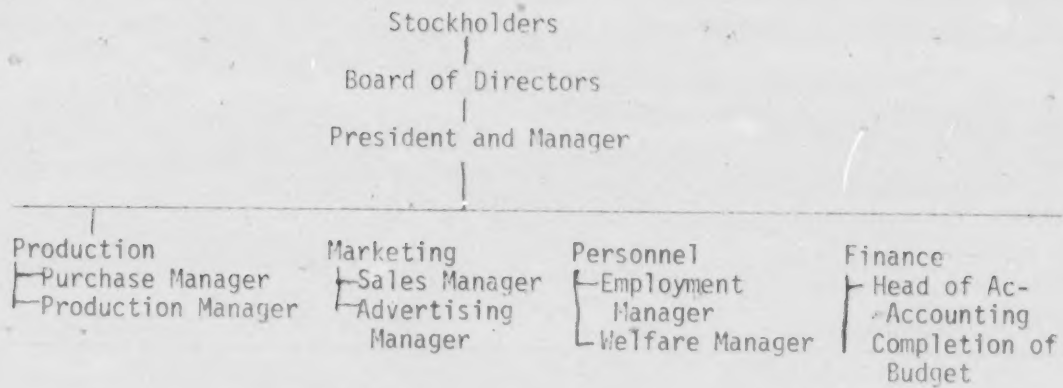
CHART IV PARTNERSHIP²⁰



¹⁹Shilt and Wilson, 2nd ed., p. 72.

²⁰Shilt and Wilson, 2nd ed., p. 73.

CHART V CORPORATION²¹
(Delegated Responsibility)



²¹Shilt and Wilson, 2nd ed., p. 75.

A. Opportunities in Establishing Businesses on the Reservation

Questions

1. What do you view to be characteristic of a good employee?
2. Why go into business?
3. What is the difference between the classifications of small and big business?
4. Give some reasons why businesses fail.
5. What are some general requirements for an Indian to go into business on the reservation?
6. What are the advantages and disadvantages of going into business for yourself?

Discussion Topics

1. Discuss the obligations one must assume when starting a business.
2. Discuss how a disaster might cause the failure of a business.
3. Make a list of five different kinds of businesses that are needed in your home community.

Activity

Select a small business in your home town or in Spearfish for a case study (more details to be given by instructor).

B. Financial Requirements for Starting a Business

Questions

1. Name some sources one might contact for starting a small business on one of the South Dakota Indian reservations.
2. What is meant by stock turnover?
3. Explain the need for over-estimating financial needs in starting a new business.
4. Explain the meaning of proprietary capital, fixed capital, and working capital.
5. Explain a "credit statement."

Discussion Topics

1. How does merchandise turnover affect profit?
2. Would you imagine that a retail business would use the same percentage of gross profit on all items? Why?
3. How does buying merchandise on credit affect the initial cash requirement of a new business?

Activity

The motel business has expanded very rapidly in the last ten years in practically all parts of the state. Using your own reservation for analysis, give reasons why this business is likely to or is not likely to continue its growth.

The old city hotels are feeling the competition of new and attractive motels. Explain why. What can the hotels do to meet this competition?

Problem

Mr. Tallman has an opportunity to buy a television repair business, which also is an agency for selling televisions and supplies. The price asked is \$5,000. An appraisal of the merchandise and equipment on hand is as follows.

Equipment	\$500
Televisions	750
Supplies and Parts	540
Second-hand Televisions	230
Accounts Payable (what is owed)	560

The profit and loss statement for the previous calendar year contained the following items.

Rent	\$ 960
Telephone	60
Delivery and Pick-up Expense	390
Lights	92
Heating	72
Taxes	38
Insurance	50
Employees' Salary	1,900
Sales, New Televisions	3,200
Cost of New Televisions Sold	1,900
Sale of Second-hand Televisions	1,500
Cost of Second-hand Televisions	800
Supplies and Parts Sold	2,900

Cost of Supplies and Parts	
Sold	\$1,100
Sales of Services	2,800

The lease on the building expires in six months.

Mr. Tallman has \$3,000 to invest in the business and would have to borrow the balance. The interest rate is 5%. Mr. Tallman has a steady salary of \$2,400 a year with a two-week vacation.

1. From the point of view of the assets of the business, is it worth the price?
2. From the point of view of the previous year's profit of the business, is it worth the price?
3. What additional factors must be investigated before making a decision?
4. Would you buy the business if you were Mr. Tallman?

C. Types of Business Organizations

Questions

1. Name three advantages of a sole proprietorship.
2. Name three disadvantages of a sole proprietorship.
3. Name two advantages of a partnership.
4. Name two disadvantages of a partnership.
5. What should the Articles of Copartnership contain?
6. Who elects the directors of a corporation?
7. What is meant by a corporation being considered an artificial person in a court of law?
8. What is the stockholders' evidence that they are part owners of a corporation?
9. Name two advantages of a corporation from management level.
10. Name two disadvantages of a corporation from management level.

Discussion Topics

1. Why does one partner have an insurable interest on other partners in a partnership?
2. "Large corporate businesses are the ruination of the free enterprise system in the United States!" We have heard this many times; what does it mean to you?

Problems

I. Mr. White Horse is the owner of a small appliance repair shop. His business has grown until he now employs two full-time employees. He rents the space in which his small shop is located, but owns his own home, which is mortgaged. Mr. White Horse believes that it would be profitable to expand his business to include the sale of radios, television sets, and electrical appliances at retail.

1. Does this contemplated expansion seem a good procedure?
2. Does it appear that he would be financially able to make such an expansion of his business?
3. Suggest a plan by which Mr. White Horse might accomplish this expansion.

II. Mr. Fears Ear has had considerable experience in newspaper and magazine work and believes that there is an opportunity for promoting a weekly magazine for businessmen that will give a digest of recent laws and regulations affecting business, current statistical information on business conditions, and business forecasts.

1. Under which form of business organization should the new enterprise be started? Why?
2. Do you recommend that the new business purchase a printing plant? Explain.

D. Internal Organizational Structure

Questions

1. What are some dangers of the failure of a businessman to delegate duties and responsibilities?
2. At what stage in the growth of a business is an organizational chart desirable?

Activity

In a men's retail clothing store, three men as partners have divided the work and responsibilities as follows: a. buying; b. office; and c. sales. Using a simple organizational chart, expand these titles so as to show in greater detail the work and responsibilities of each man.

Problem

Three partners, Matty, Moe, and Jack, operate a garage in which they sell automobiles, operate a filling station, and operate a repair shop. All three partners do the buying and selling. They all quote allowances on trade-ins of old cars. They all give instructions to the men in the repair shop. They alternate in keeping the bookkeeping records. The banking is done by any one of the partners.

1. Do you feel this is a good and progressive business operation? Explain your answer.
2. Draw up an organizational chart with an explanation of how you think the business should be operated.

CHAPTER III SOME INITIAL STEPS IN STARTING SMALL BUSINESSES

A. Finding a Suitable Location

Too often, a person starting a business selects a location which is convenient to his home or where there seems to be a desirable building. Whether one is selecting a location for a retail, wholesale, or manufacturing business, there are many very important factors to be considered in order to assure the success of the business.

In selecting a site for a business, one must know the purchasing potential of the area. This is determined by the number of people in the area and how much money they have to spend. Also, one should know the extent of competition. Too much competition will make it impossible for all businesses to prosper.

An illustration of "population required to support a store" is available from the United States Department of Commerce. This should be studied carefully. However, many other factors must be taken into consideration.

In evaluating a town for a store location, the following thirty factors must be considered.

TABLE I THIRTY FACTORS FOR EVALUATING
A TOWN FOR A STORE LOCATION²²
(Example)

	Excel- lent	Good	Fair	Poor
1. Total retail sales				
2. Per capita (per person) retail sales				
3. Total population of the town and county				
4. Age of population				
5. Population trend of town and county				
6. Nature of population				
7. Amount of competition (number of stores)				
8. Quality of competition (kind of stores)				
9. Is surrounding area static or growing?				
10. What industries are in the town?				
11. Amount of payrolls				
12. Climate				
13. Labor conditions (especially for the store)				
14. Total income of town				
15. Per capita income of town				
16. Rent range of business buildings				
17. Type of trading area				
18. Is it a county seat?				
19. Amount of new building being done				
20. Deposits to individual bank accounts				
21. Office building vacancies				
22. Standard of living in the town				
23. Banking and credit facilities				
24. Insurance rates				
25. Advertising media available				
26. Local legislation, taxes, etc.				
27. Transportation costs				
28. Geographic and topographic conditions				
29. Number of churches				
30. Reasons for the town's existence				

²²Bernard A. Shilt and Harmon W. Wilson, Business Principles and Management (3rd ed.; Chicago: Southwest Publishing Company, 1954), p. 91.

TABLE II STORE SURVIVAL NEEDS IN RELATION
TO POPULATION²³

<u>Kind of Business</u>	<u>Number of Inhabitants Per Store</u>
Automobile accessory	3,270
Bakery	2,548
Boot and shoe	3,346
Building material	6,960
Clothing and furnishings, men's	2,397
Clothing, women's	4,063
Confectionery, ice cream, soft drink	1,017
Custom tailor	4,245
Dairy and poultry products	11,772
Drug	1,154
Dry goods and notions	2,065
Electrical appliance and supply	9,057
Florist	6,686
Fruit and vegetable	2,510
Furniture and house furnishing	2,388
Gasoline and oil	1,643
Grocery, delicatessen	325
Hardware	2,748
Jewelry	4,958
Meat, poultry, and fish	1,189
Millinery and artificial flowers	6,136
Motor cycle and bicycle	57,565
Musical instrument and sheet music	12,239
Office equipment	15,473
Paint, oil, varnish, and glass	11,772
Photographic supply and camera	63,483
Radio	18,309
Restaurant	813
Sporting goods	44,985

²³Shilt and Wilson, 3rd ed., p. 90.

TABLE III Kinds of Retail Stores Most Successful
in Each Type of Location²⁴

CENTRAL DISTRICT ^a	OUTLYING CENTER ^b	PRINCIPAL THOROUGHFARE ^c	NEIGHBORHOOD STREET ^d
Cigar Department Drug Jewelry Men's Clothing Variety Women's Clothing	Apparel ¹ Acces- sory Cigar Department Drug Fancy Grocery General Mer- chandise Household Ap- pliances Jewelry Men's Clothing Millinery Show Variety Women's Clothing	Accessory, Tire, And Battery Farmers' Pro- duce Filling Stations Grocery Marts Milk Depots New-car Dealers Used-car Dealers	Bakeries Combination Grocery, Meats Drug Fancy Grocery Meat Markets Variety

^adowntown shopping district

^bshopping center

^cnear busy thoroughfare

^dsmall town

²⁴Shilt and Wilson, 3rd ed., p. 93.

TABLE IV CHECKLIST FOR GUIDANCE IN SELECTING
A SITE FOR A RETAIL STORE²⁵
(Example)

POINTS UPON WHICH SITE IS CHOSEN	COMMENT	RATING			
		Excel- lent	Good	Fair	Poor
A. Competition: Number of independent stores of same kind in area Number of chain stores in area Kind of stores next door Number of vacancies Sales of nearest competitors					
B. Traffic flow: Sex of pedestrians Age of pedestrians Destination of pedestrians Number of passers-by Automobile traffic count Peak hours of traffic flow					
C. Transportation: Transfer point Highway Kind of Transportation					
D. Parking Facilities: Size and convenience					
E. Plant or building: Frontage (in feet) Depth (in feet) Shape of building Condition Heat (type) Light Display space Front Entrance Display windows					
continued					

²⁵Shilt and Wilson, 3rd ed., p. 98.

POINTS UPON WHICH SITE IS CHOSEN	COMMENT	RATING			
		Excel- lent	Good	Fair	Poor
F. Rent and lease cost					
G. Unfavorable site characteristics:					
Fire hazards					
Cemetery					
Hospital					
Industry					
Relief Office					
Undertaking establishment					
Vacant lot (unless it can be used for parking)					
Garages					
Playground					
Smoke, dust, disagreeable odors, etc.					
Poor sidewalks and pavement					
Worn-out neighboring structures					
H. History of site					

In what kinds of locations are retail businesses most successful? There are no hard, fast rules that will answer the question. However, some locations are most successful in each type of business (see Table III, Kinds of Retail Stores Most Successful in Each Type of Location).

Downtown locations in cities are good for department stores, hotels, restaurants, and furniture stores. These areas are for businesses that have what we term slow turnover goods. Transportation and traffic have had a decided influence on business in recent years. People drive hundreds of miles to cities to do their trading. The rural store on the reservation is a necessity because of poor transportation.

Well-planned shopping centers are very popular because they are easily accessible and usually have diverse businesses to satisfy the shopping needs. Although downtown city businesses are suffering competition from shopping centers, they are staging a comeback that will hopefully provide for a more equitable share of business.

Large department stores are constructing parking lots, overhead catwalks, and walk-through features that enable shoppers to stay within a shopping area without going outside. Downtown stores have been air-conditioned and redesigned to serve the shoppers. With the present concern over energy conservation, it may be that larger and more concentrated shopping districts will be better able to serve the shopping needs of the bulk of the people.

Rent is a vital factor in selecting a location. The rent to be paid for a location should have a good ratio to the anticipated sales volume. Good locations usually have high rent (see Table IV, Checklist for Guidance in Selecting a Site for a Retail Store). Low rent indicates low sales volume. Recent trends are to base the rent on the gross sales.

This is particularly true in shopping centers. In this case, the more sales made, the higher the rent to be paid. However, with increased sales, more profits usually can be expected.

Obviously, there is a lot of difference between locating a business in an urban area and a rural area such as a reservation town. It behooves potential businessmen to make scientific analysis of the factors involved in locating a business, either for new construction or renting existing buildings.

B. Finding Desirable Housing Facilities

A major problem in starting a business is finding or building a suitable building. The type of building will be determined primarily by the kind of business and the amount of money available. For small businesses, usually the outside appearance is of greatest importance. Building codes and zoning restrictions mandate standards for safety and health. Visual fronts extend an invitation to the shoppers. The potential business person should spend much time and money in selecting the style of architecture that will be both attractive and utilitarian. Architects skilled in remodeling for specific types of businesses are usually available and are worth their weight in gold.

Good lighting is perhaps of prime importance in renovating or constructing a store building. It is generally agreed that a store with good lighting and an attractive interior is more acceptable and an inducement to spend more money. This may not be true of all types of businesses, but it can be assumed that people like to shop in a nice, attractive atmosphere. Blue prints are available for buildings designed for specific types of businesses. Selecting a building is a long process and worthy of much

time and consideration.

Seldom should a person starting a business buy a building unless, of course, no facility is available. If he invests his cash in a building, he may later run into difficulty because of lack of ready funds for regular business operations.

There is a certain amount of uncertainty in starting a new business, and it might be less hazardous to rent or lease a facility. In the event a building is leased, it is advisable to have an attorney draw up a lease, which usually would contain the following information.

- the date
- the names of the landlord and the tenant
- a description and an identification of the property
- the length of the tenancy period
- the amount of the payment
- the manner of payment
- a statement of the conditions and the agreements
- the signatures of the tenant and the landlord

A lease is your legal right to use the specified property under specified conditions. All provisions should be closely scrutinized and clarified by both tenant and landlord. Purchase options are always advisable to include in a leasing agreement.

C. Selection of Equipment and Utilization of Space

It is important that the fixture used in a selling department be in harmony with the merchandise being sold. The equipment should be appropriate. Remember, you are not selling equipment, you are using equipment to sell other merchandise. Needless to say, different types of businesses require different types of equipment. Usually, the equipment is designed for a specific business. For example, drug store equipment would not be the same as hardware store equipment.

A simple solution to the selection of equipment and the utilization of space would be to contact a store-fixtured company and request their help in laying out and equipping your store. This approach is fast and effective. This gives you the advantage of the latest research on specially designed equipment that will help you sell merchandise.

Most businesses of today use cash registers entirely or partially in handling cash. Such registers have been designed for almost every need that a business may have in handling cash. Most cash registers perform the following functions.

- indicate price of article
- print a receipt
- accumulate department totals
- accumulate totals for sales people
- give number and types of transactions
- provide a safe place for keeping money

Cash registers can actually save you money (although they are expensive) by providing detailed and summarized information on an accurate and current basis. The cash register provides the primary source for future bookkeeping and accounting procedures. Cash registers are designed for special businesses and their functions. It is important to spend much time in selecting a cash register that will serve your purposes.

Businesses have often purchased equipment because it seemed to be desirable, but did not stop to consider whether such equipment was necessary and would be advantageous from a financial viewpoint. Much expensive business equipment can be rented with an option to buy.

D. Advantages of a Good Store Lay Out

The purpose of a good store lay out is to enhance selling. As previously mentioned, model lay outs are available at little or no cost. In

many communities, there are examples of businesses that have lost patronage because they have failed to keep up with the times. They have become complacent and satisfied. Business is like rowing a boat upstream--if you stop rowing, you will float downstream. The physical lay out of a store will do much to achieve a nice store appearance, customer convenience, and selling convenience.

A good businessman will identify the most valuable selling space in his store. He will concentrate on these areas with goods of high impulse buying qualities or speciality items. To make efficient use of floor space, one might lay out selling space and identify areas as being more valuable sales areas than others. The lay out might look like the following chart.

CHART VI STORE LAY OUT²⁶

5%	6%	5%
10%	12%	15%
12%	15%	20%

Entrance

Much research is available to help the small businessman lay out his store and to take advantage of the research that has been done to identify the buying habits of a customer. For example, it has been established that with a couple (male and female) entering a hardware store by the front door, the woman will turn to the left and the man will turn to the right.

²⁶Shilt and Wilson, 3rd ed., p. 180.

This means that interest items for women should be on the left, and interest items for men should be on the right. Each business has been researched and it behooves the business people to capitalize on this information and organize their business operation accordingly.

A. Finding a Suitable Location

Questions

1. In evaluating any town for the purpose of a store location, what are at least three factors that are to be considered?
2. What factors cause people to go to shopping centers?

Discussion Topics

1. Competitors in retail businesses often try to obtain store locations near one another. What could be their reasoning?
2. What do you think are some factors that should be considered before establishing a beauty parlor in a town with a population of 600?
3. What factors do you think would help to determine a good location for a filling station?

Activity

Make a map of the business district of your home town showing the various streets. Mark on the streets, by code or letter, the various types of businesses located there. Comment on what you consider a satisfactory or an unsatisfactory concentration and placement of these businesses.

Problem

For twenty years, a man and his wife operated a men's tailor shop in which they also did some cleaning and pressing. They were successful and made a satisfactory living in a shopping area of 6,000 persons. When the two boys in the family became old enough to work, the father wanted to set them up in business and keep them close at home. He rented a building next to his shop and set the two boys in business with a men's clothing and furnishings store. There were three similar stores in the community. The business failed. What reasons for the failure would you suggest? What would you have done?

B. Finding Desirable Housing Facilities

Question

1. Why is it usually more desirable for a new business to rent rather than buy?

Discussion Topics

1. Who generally pays the taxes for the leased property?
2. At what time in the economic cycle is it best to buy real estate? Why?
3. Why do you think a wholesale lumber business usually owns its building rather than rents?

Problems

I. A percentage-income lease requires a tenant who operates a drug store to pay an annual rental of 8% on the first \$10,000 of sales, 9% on the next \$10,000 of sales, and 10% on all additional sales. If the sales during a certain year are \$25,000, what should be the total amount of the annual rent?

II. A man wishing to start in the household appliance business has an opportunity to buy a building and lot for \$12,000. He has \$14,000 in cash. He could rent the building for \$120 per month. The tax valuation is \$10,000. The tax rate is \$21.50 a thousand. The insurance rate is \$.25 a hundred per year. Annual repairs are estimated at 1 per cent on the building (\$10,000); annual depreciation is estimated at 2 per cent of the value of the building. Interest on any loan that would be necessary would be at the rate of 5 per cent. Money that he might invest in the building could earn 3 per cent if he invested it elsewhere. (Note that there is depreciation only on the value of the building. The land does not wear out, but the building does.)

1. In a new business venture, is it desirable to purchase this building?
2. If the building is purchased, does he have a sufficient amount of money to pay cash for it and still have enough capital?
3. Assume that he desires to buy it and pay \$6,000 in cash and obtain a loan on the remainder. Figure the first-year cost of owning the building as compared with renting it.

C. Selection of Equipment and Utilization of Space

Problem

Mr. Gritts is planning to open a combined ice cream parlor and a retail candy store. Make a list of the principal items of equipment he will need.

D. Advantages of a Good Store Lay Out

Questions

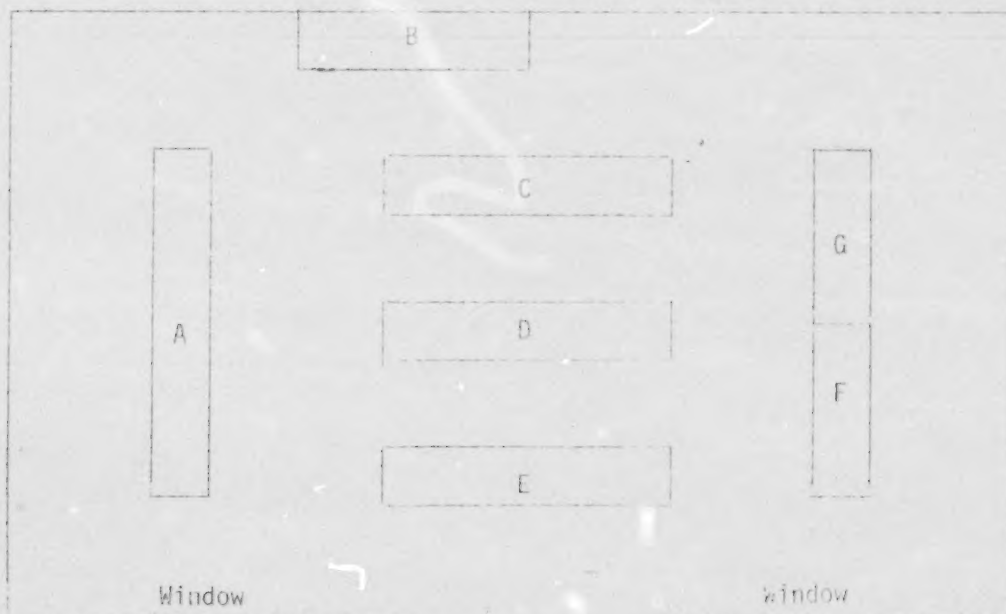
1. Why is that part of a retail store near the entrance the most valuable selling space?
2. Why is a large center aisle usually undesirable in a large store?
3. Where do you usually place impulse goods?
4. Where should the cash register be located?

Discussion Topics

1. Most stores that spend money in modernizing have had increases in their sales. Why?
2. Where would you locate a candy display case in a restaurant? Why?

Problem

Mr. Amiotte is planning the arrangement of the following goods in his hardware store: guns and sporting goods, standard builders hardware, dishes and cooking utensils, advertised bargain of kitchen supplies, electric mixers, and stoves and refrigerators. He plans to have an arrangement similar to the one illustrated. Decide what hardware items could best be placed in these same locations.



CHAPTER IV SMALL BUSINESS OPERATIONAL PROCEDURES

A. Locating a Source of Merchandise

Anyone who enters business should remember that his existence can be justified only on the basis of the service he renders. He may be considered a purchasing agent for the community. A local businessman must be sensitive to the needs, tastes, and methods of living of the community which he serves. Because customers are more discriminating in selection of goods, it is necessary that Mr. Businessman be prepared to have a wide variety of merchandise available. A good businessman will keep informed as to business trends and business cycles in order to know what to buy and in what quantities. The purchasing of merchandise involves more than merely ordering a certain amount of goods at the lowest price. Purchasing merchandise for resale is a very specialized service and requires someone who has "business sense" and the ability to anticipate future market demands.

Buyers must be familiar with name brand merchandise and try to tie in with national advertising campaigns whenever possible. Buying too far in advance is very dangerous. Group buying for larger discounts is very beneficial. Want books maintained by sales people are very helpful in determining customer needs. Operators of small businesses must rely on local markets and local salesmen for the bulk of their merchandise.

Mail order buying is quite a common practice for businesses that are off the main roads, such as reservations. After the businessman has decided what to buy, when to buy, and where to buy, there is still the problem of how much to buy. How much to buy is directly related to the stock turnover. The amount one should buy should be based on anticipated sales not only on a good purchase price. Regardless of how good the price is, if the merchandise does not sell, it should be considered a poor buy.

Speculation is a guess as to what the future market will be. Old timers were able to make large amounts of money by taking risks by guessing and taking chances. Business today is not a guessing game. Decisions are made from analysis of research and past experiences. Buying from reputable wholesalers eliminates many problems related to quality merchandise. Also, if a good business relationship is established, many business procedures can be circumvented for the sake of convenience and time.

B. Purchasing Procedures and Controls

From our previous discussion, we have said that purchasing for retail selling is a very scientific procedure. As we are dealing especially in small businesses, the purchasing procedures and controls are the responsibility of the owner who will have ways and means of buying and stock control. Experience has a way of letting one know when the stock is out of balance. In a large, complex business, sophisticated procedures are needed to keep the operation in balance. In a small operation, the owner (and purchaser) usually "checks stock" before placing an order. If he makes a physical count of a certain item and knows that he usually has twelve of this in stock and he has only three left, he will only order nine of this item to maintain his regular stock balance. This procedure,

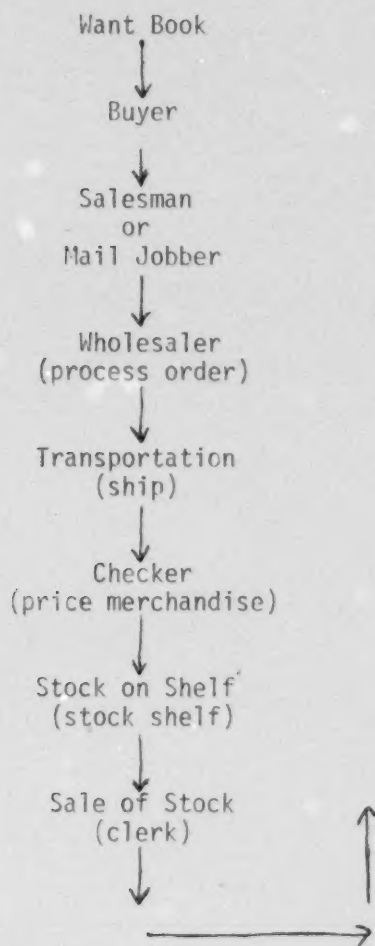
quite standard for small business operations, would be totally inadequate for large businesses where the purchasing agent is far removed from the actual business and is dependent upon reports for the information needed to place an order.

In small businesses, the owner is very religious about keeping his check book up to date. He may use his check book balance as an indicator as to the status of his inventory. If his check book balance is real high, he knows his stock will be low. If his accounts receivable is high, and his check book balance is low, he knows automatically that his inventory is low and that he will probably have to borrow money. This all seems to be a very simple procedure, but, really, it requires a lot of experience and mistakes to make it functional.

When merchandise that has been ordered arrives, it is mandatory that it get on the shelves where it can be sold. The procedure is relatively simple--each order has an invoice or a packing slip which is used to verify the count and description of each item plus the cost per item. The selling price and the cost price are recorded on each item and the merchandise is placed on the shelf for resale. If an inventory control card is used, a notation would be made that a certain number of this item was ordered and processed.

Chart VII illustrates the purchasing cycle of merchandise in a typical small business.

CHART VII PURCHASING CYCLE²⁷



²⁷Shilt and Wilson, 3rd Ed., p. 227.

C. Pricing Procedures

In most businesses, the problem of determining the price for which the goods are to be sold is very important. As a business is operated for profit, it is obvious that the owner must know what each item costs and what each item should sell for. Each type of business (drug, hardware, restaurant) will have a predetermined mark-up which may be used as a guide for pricing. For example, the standard mark-up for a general hardware store is 33 1/3% of the retail price or 50% of the wholesale price. Accordingly, if an item cost the retailer \$1, the checker would mark it \$1.50 (selling price). If an item was pre-priced to sell at \$1.50, it would be coded to have cost \$1.

$$100 \div 1/2 = 50 \quad 100 + 50 = \$1.50 \text{ selling price}$$

$$150 \div 1/3 = 50 \quad 150 - 50 = \$1.00 \text{ cost price}$$

The mark-up is the result of years of research. The proprietor may use the suggested mark-up or he may totally disregard it and use his own mark-up, which may be higher or lower than suggested. In determining price, the merchant must be competitive. He will usually charge as much as the traffic will allow. If the merchant gets a good buy, he usually maintains his 33 1/3% mark-up. It is mandatory that he operates on this margin of profit. Any less will put him out of business and usually any more will price him out of business.

Some businesses have higher mark-ups and some have lower mark-ups. Fast turnover items usually have low mark-ups and slow turnover items have high mark-ups.

For convenience at the time an inventory is taken, each item is cost-coded; that is, each item will have the cost price in a code which is known only to the merchant. For example, if an item cost two hundred

dollars--and using the BLACK HORSE code (B-1, L-2, A-3, C-4, K-5, H-6, O-7, R-8, S-9, E-0)--the marking would be LEE/\$300. This is interpreted to mean the cost is \$200 and the selling price is \$300. The two hundred dollars is called "cost price" or "wholesale price." Please note that transportation charges are included in the cost price of an item. There are other charges that can be used to determine the selling price.

D. Basic Merchandising Policies

One problem that is common to all retail businesses is obtaining customers and keeping them. This is a constant concern of Mr. Businessman. He is always on the alert for ways and means to get new customers and keep old customers. In a small business, all efforts to get new customers must be financially feasible. Attracting new customers to a new business is relatively simple because of curiosity, grand opening and introductory sales, etc. However, it is the store's policies and "personality" that will keep the customers coming back.

The usual approaches to solicit new customers are:

- promotion letters, general and special
- beat the bushes
- word of mouth
- newspaper advertisements
- television and radio
- signs
- sales

Sales are a common tool of most retailers. There is a question as to their worthwhileness. Nevertheless, they are supposed to stimulate business and customers expect their favorite store to stage a sale occasionally. We are all familiar with some of the common types of sales, such as anniversary, pre- and post-inventory, clearance, midnight madness, going out of business, and half-price sales. Some have taken a rather

dull outlook on the value of sales, saying that sales have developed a bargain hunting customer who becomes easy prey for unscrupulous entrepreneurs. Some say sales are becoming too common and have lost their drawing power. Customers are becoming skeptical of sales in general and are reluctant to respond even if a good sale comes along. Nevertheless, sales are a vital part of a business operation. Sales must be planned and promoted.

It should be the primary concern of the businessman to see that his business philosophy and procedures are not jeopardized by a sale.

Generally, sales are not money making endeavors. Sales are held to attract attention to a particular business and a particular philosophy of doing business. For example, businessmen coin slogans to which customers identify with a certain store or business. The "Friendly Store" is an overworked trademark.

In small communities, business policies and procedures will be different. Small community businesses are required to be more personable. The customers usually are repeaters who come to depend on a certain business for all related services. Merchandising policies must coincide with the customers' life styles to be effective. The saying "service after sales" is very appropriate for the small-town operator.

In order to reach out for new customers and maintain regular customers, business people try new ideas of improving customer service and convenience. For example, many businesses use free delivery as a customer service. Drug stores advertise free prescription delivery as a plus service.

Policies and procedures for returned sales should be established to coincide with the "personality" of the business. If the store is

advertising to be the friendly store, your return sales policies had better be the same! Many research studies indicate that attitudes toward return sales of customers by clerks account for the loss of many customers. It is incumbent upon the business operator to be aware of the way in which returned sales are handled.

E. Selling

Although a business may be conveniently located, properly housed, provided with suitable equipment, attractively arranged, and its products or services properly priced, some of the most important problems to be faced are those of selling its products or services. Since sales are the life-blood of a business, much discussion will deal with salesmanship and selling.

In any sale, there are four elements: the customer, the business, the merchandise or the service, and the salesperson. The salesperson bridges the gap between the customer and the business. The success of the business depends, to some extent, upon the quality and the price of the goods or services; but its success is more dependent upon good salesmanship.²⁸

One does not have to be born with sales ability to be a successful salesperson; in most cases, successful salespeople have carefully trained themselves. First of all, they have had the necessary ambition and determination. They had read everything they could find on the subject. They have watched others. They have continually practiced what they learned and improved with experience. In order that you may have a rather comprehensive understanding of what salesmanship consists, the following pages

²⁸ Kay Taylor, "Super Salesman Says Selling a Profession," The Rapid City [South Dakota] Journal, November 5, 1975.

will give some of the selling methods used by successful salespeople.

Every employee in a business has an opportunity to build goodwill for his organization. The salesperson is probably the employee who makes the most contacts with customers, and, therefore, has a good opportunity to build goodwill for his organization; but other employees also may have a great deal to do with keeping customers satisfied or causing a loss of customers. The delivery boy can easily lose goodwill by poor delivery service. Errors made by employees in the bookkeeping department or in the delivery department also have an undesirable affect upon customers. Even the manner in which telephone calls are handled has its effect. Delay in answering an incoming call, making the customer wait on the telephone unnecessarily until the desired information or person is found, hanging up the receiver before the customer does, and using the wrong tone of voice can easily cause the loss of customers.

In a survey of several hundred stores, the customers who had stopped patronizing the stores gave these reasons:²⁹

Indifference of salespeople	9%)	
Lack of knowledge of goods and misrepresentation of goods	8)	63%
Haughtiness of salespeople	7)	
High-pressure salesmanship	6)	
Mistakes and poor service	17)	
Unwillingness to make adjustments	10)	
Attempted substitution of goods	6)	
Prices too high	14	
Merchandise of inferior quality	10	
Slipshod store methods	13	
	100%	

These figures show that 63 per cent of the loss of customers resulted from the human element in business.

Let us look at the matter from another angle. What do customers

²⁹Shilt and Wilson, 3rd ed., p. 271.

like? An investigation as to what customers liked about the businesses with which they were dealing showed the following items, which are arranged according to their importance as stated by the customers.³⁰

1. A sufficient variety of stock from which to choose
2. Prices comparable to the quality of the merchandise
3. Pleasant and helpful employees
4. Willingness to make adjustments in case of errors and returns
5. Truthful statements about the goods and services
6. An attractive store (including lighting, ventilation, equipment, and arrangement)
7. Service features, such as delivery, charge accounts, and free parking for automobiles

As items 3, 4, and 5 are principally dependent upon the personality of the employees, it is evident that the employee has a very important part in the success of the business.

If a business is so small that one person can take care of all the phases of operation, it is extremely important that this one individual possess or develop a personality that will build goodwill for the business. Should the business be so large that many employees, in addition to the owner, are needed, it is important that the owner should know what qualities are desirable in his employees, especially his salespeople.

One's personal appearance still makes a definite impression on anyone whom one meets for the first time. One may have many desirable personality traits and still not make a favorable impression because of an unfavorable personal appearance. A good personal appearance helps to command the respect of others and also helps to give one self-confidence in meeting people.

One's personal care has a great deal to do with one's appearance. Care should be taken to have clean teeth, clean hands, clean fingernails, and a scalp that is free from dandruff and greasy toilet preparations.

³⁰ Shilt and Wilson, 3rd ed., p. 272.

Likewise, one should guard against body odors that may offend others.

The clothing of the owner of a business or that of his employees should be in keeping with the position. For example, the clothing worn by a salesman in an exclusive men's apparel store should be of high quality. Many kinds of businesses, such as restaurants, filling stations, laundries, dairies, and beauty parlors, find it desirable to have their employees wear uniforms.

Other physical factors, such as health, physique, posture, and even manner of walking, have an influence on others. The tone and the inflection of one's voice, as well as one's enunciation, have their effect. Some large organizations consider good speech so important that a course in speech training is given to salespersons.

Courtesy is not only expected but also demanded by customers. One who is courteous will be patient, sympathetic, and always considerate of the feelings of both the customer and the co-workers in the business. He will devote his attention to the customer; will listen attentively without interruption; will become interested in the problems of his customer; and will give respectful consideration to the opinions of others.

Enthusiasm makes work a pleasure instead of a drudgery; it makes one an optimist instead of a pessimist. People like to associate with persons who are cheerful. One can hardly expect customers to be enthusiastic about goods or services unless the salesperson explaining them in enthusiastic. Likewise, the owner or manager of a business cannot expect his employees to be enthusiastic about methods and procedures used in the operation of the business unless he himself is enthusiastic about them. Enthusiasm is contagious. The attractive personality has a plentiful supply of enthusiasm that can be spread to others. Enthusiasm is based

upon knowledge. So to develop enthusiasm, one should find out in what way or ways his goods, services, or ideas are better than those of others. He should then emphasize these points.

A good memory is a distinct asset to one in business. Remembering the names of customers so as to greet them by name the next time they call makes an appeal to their vanity. Remembering the likes and dislikes of a customer will aid in better serving that customer.

Many persons in business who have some splendid qualities have lost goodwill and customers for their business because they lacked tact. They did not have the ability to do or say the proper thing so as not to offend others. The shoe salesperson who comments to a customer, "You have a foot that is unusually hard to fit," displays a lack of tact.

Industriousness is essential to business success. The proprietor who is willing to work many hours after regular business hours in planning and taking care of the many details of his business will find that his industriousness pays dividends. The industrious salesperson will never have difficulty in finding things to do between sales. He will rearrange and care for his goods. He will call customers to tell them of merchandise in which he knows they will be interested. He will study his merchandise in order to learn more about it and its possible uses.

There are many types of customers and the salesman must be able to adjust himself to each type. There are customers who come into the store knowing exactly what they want. They do not want to listen to long explanations about the goods. Some customers constantly change their minds when being shown goods. When handling them, the salesperson usually should show only one article at a time. Some people who come into retail stores are not interested in any particular article, but are just looking

around. These people require detailed information about the goods and a demonstration, if possible. Some customers are talkative, some are of the silent type, some are irritable, some are ill-mannered, some are suspicious, and some always want a concession. The successful salesperson must be able to handle all types.

There is no one best way of greeting a customer. Circumstances will vary the greeting used. When calling on a stranger who is the manager or owner of a business, it is desirable that the traveling salesman greet the customer by name and introduce himself. Some remark about the customer's business that will let him know that the salesman is interested in his business and problems is used by successful salesmen.

In retail stores, there are many suitable greetings. "Good afternoon" or "How do you do?" are rather formal but are suitable in greeting strangers who have not indicated an interest in any specific article. "May I help you?" is commonly used and is especially suitable when one does not know whether the customer wishes to be waited on or prefers to look around.

Frequently, the best greeting to use when a customer is already looking at some article on display in the store is to make some comment about the article. The salesperson, noticing a customer looking at a dress, may say, "That is an unusually attractive pattern, isn't it?" or "That is the dress which is advertised in this month's Vogue." Such a greeting stimulates the customer's interest and makes it easy for the salesperson to explain the fine features of the dress. An approach of this kind is known as the merchandise approach. It is rapidly becoming a commonly used method in high-class stores.

Should the name of the customer be known, it is usually effective to include the customer's name in the greeting. The attitude of the

salesperson as shown by his manner, his tone of voice, and his facial expression should reflect genuine interest in the customer and is much more important than the actual words used in greeting the customer. Many retail salespeople approach customers in a bored fashion and do not have the proper attitude of helpfulness.

If a salesperson is to be of the most service to his customer, he must understand the wants or needs of his customer. In addition, he must have a thorough knowledge of his goods or services in order that he may be able to suggest that which best fits the needs of the customer. In many cases, the customer looks to the salesperson for expert advice. The landscape gardener who suggests the wrong kinds of plants and shrubs for a particular kind of soil in which they are to be planted; the salesperson who suggests the wrong kind of furniture polish for a particular kind of furniture; the oil salesman who suggests the wrong kind of oil for a certain machine; and the hairdresser who uses a coiffure that is not becoming to her customer will quickly lose the goodwill of their customers.

Customers are usually interested in what the articles or the services will do for them and how they can be used. Hence, it is important that the salesperson should have a thorough knowledge of the various uses of his products, as well as the limitations. Even in the simple case of apples, the successful salesman will know which apples are best suited for baking, which are to be preferred for making sauce, and which are desirable as eating apples. Likewise, in selling dry cleaning preparations, the salesperson must know upon what type or types of materials each preparation should be used. He can render a very valuable service to his customers in this way.

The primary uses of an article are usually known to the customer;

but the salesman should be able to convince the customer that the article is suited for the customer's particular purpose. The salesman should also point out the versatility of the article by explaining its secondary uses. For example, the primary use of a vacuum cleaner is to clean rugs and carpets; but a particular cleaner may also be used in cleaning drapes or upholstered furniture, and even in mothproofing articles.

A thorough knowledge of the merchandise is also necessary so that the salesperson may answer questions of the customer about the merchandise. The following questions are examples of questions that must be answered: "How much paint will I need for a bathroom six feet by eight feet?" "Which paint is best for a concrete basement floor?" "Can this dress be laundered?" "Which type of wave is best suited for my hair?" "Why is the price of this pair of shoes \$9 and of that pair, only \$7?"

One of the best ways for a salesperson to prepare himself to render service to the customer is to obtain information concerning the kind, quality, cost, and source of materials used in the manufacture of the product. These factors affect the price, wearing quality, appearance, uses, and the care of the article. For example, the fact that a certain piece of clothing is made of cotton, wool, rayon, silk, or a combination of two or more of these has a decided effect upon the care that should be given the article in laundering. It also has a definite influence upon the wearing quality, the appearance, and the price.

A knowledge of the processes used in manufacturing an article should be valuable to a salesperson. The dyeing of a piece of cloth or clothing may have been done by the process known as stock dyeing. Under this method, the raw material is dyed before it is spun into yarn and woven into cloth. Thus, the cloth will be colorfast because the dyes have

thoroughly penetrated the fibers. Another piece of cloth may have been dyed by the process called piece dyeing. Under this method, the dyeing is done after the cloth has been woven. The piece of cloth is dipped into the dye bath. This method is less expensive, but such cloth is less durable than that which was stock dyed. Whether a piece of linen has been made from fibers treated by the water process or by artificial (chemical) means is information that a salesperson should find valuable. Knowing that certain products are "handmade" and still others are "not touched by human hands" is important information.

Different items of information about the same product may appeal to different persons. For instance, a safety feature on a washing machine will appeal to both the wife and the husband. Simplicity of construction or some novelty feature may appeal to the wife. Sturdiness of construction will appeal to the husband. In order to find out the various features of a product, a successful salesman should study his product as well as competing products and should always be prepared to show why his product is worth the price that is being asked for it.

The salesperson may obtain specific selling points about merchandise from many sources, such as the following.³¹

1. Examination of the merchandise. The salesperson should carefully examine the goods and also use them, if possible.
2. The manufacturer. Booklets and circulars explaining the principal characteristics of the product are usually published by the manufacturer. Additional information may be secured by writing to the manufacturer.
3. Magazine and newspaper advertisements.
4. Representatives of the manufacturer possess valuable information about their products and are willing to pass it along to interested persons.
5. Technical books and magazines found in public libraries.
6. Customers, if they have already had experience with the product.

³¹Shilt and Wilson, 3rd ed., p. 278.

The salesperson who attempts to sell candy to a child by emphasizing the quality probably will not succeed. On the other hand, the salesperson who emphasizes the quantity of a certain kind of candy that can be purchased for a nickel probably will make a sale because he understands the important reason that causes a child to prefer one kind of candy to another. If one wishes to be successful in satisfying customers, he must study and understand human nature. Why do people buy? What wants do they have, and how can those wants be satisfied?

Many motives cause people to buy. Some of the most important of these so-called buying motives are:³²

imitation	amusement
affection	desire for bargains (thrift)
desire for ease and comfort	desire for good health
appetite	pride of possession
love of beauty	desire to excel
desire for gain	envy
fear	

To be successful, the salesperson must know what is likely to be the buying motive of a particular customer and then make his sales talk and demonstration appeal to that motive. In many cases, appeals can be made to more than one buying motive. For instance, a laundry representative, in attempting to sell the services of his company to a housewife who has a family of three persons and financial means that are a little above average, may talk about the comfort and convenience of having her laundry done by his company rather than doing it herself. He may also explain that it is less expensive to send the laundry to his company because of all the expenses involved in doing it at home. Probably, he will mention that having the laundry done by his company would also eliminate the chance of catching cold from working with wet clothes in cold weather.

³²Shilt and Wilson, 3rd ed., p. 278.

Suppose that this same laundry representative were calling upon the proprietor of a barber shop or a beauty parlor. In such a case, he could emphasize the special sterilizing treatment given to linens and the high degree of whiteness in the laundered linens, both of which factors would aid in keeping customers of the barber or the beauty parlor operation satisfied and also help in attracting other customers.

When several buying motives may be appealed to, the salesperson can often make brief appeals to different ones and carefully observe the reaction of the customer. He can usually discover which is the most important appeal and can then concentrate upon or emphasize that particular one.

In other words, it is a sound policy in selling to attempt to determine human wants and buying motives. Providing satisfaction through a sale is the ultimate goal of a salesperson. This method of selling does not mean high-pressure selling; it means intelligent selling.

In addition to giving the customer information about the goods, the salesperson should effectively show the goods in order that the customer may be convinced that they will best fit his needs. This is sometimes referred to as creating desire on the part of the customer. It is usually a good plan to show the article as information about the goods is being given. The attention of the customer is then centered on the article as its merits and advantages are convincingly explained.

Goods should be shown to the best advantage. By handling the article carefully and showing respect for it, the salesperson enhances its value in the customer's mind. For example, the value of a piece of sterling silver is enhanced when the salesperson handles it very carefully and admiringly places it on a piece of velvet on the top of a

display case.

An effective way of convincing the customer is to show the article in action as it would be used by the customer. A washing machine may be demonstrated by doing the washing of the customer; a furniture polish by actually polishing a piece of furniture; a fountain pen by filling and writing with it; a radio by tuning in different types of programs.

Whenever possible, the customer should be encouraged to participate in the demonstration--to operate the vacuum cleaner, to type on the typewriter, to try on a hat, to drive the automobile. Such activity on the part of the customer has much influence in changing his interest or desire to own the article.

Even though the sales talk and demonstration are carefully given and seem to have proved the worth of the goods, some customers will raise objections. Some objections are only excuses and are not the real reason why the customer has not bought the goods. He may object to the particular style of the goods when the real reason is the fact that the price is too high. Often, the customer states that he wishes to "think it over before deciding" because the salesperson has not been convincing in his sales talk. It is necessary that the salesperson use his keenest powers of observation to decide whether the objection raised is the real reason why the customer does not buy. Many sales have not been made because customers have not expressed their objections and the salesmen have not been clever enough to discover them.

A commonly used method of meeting an objection is to turn the objection skillfully into a selling point. For example, a businessman states, "Business is so poor I cannot afford to buy calendars." The salesman meets the objection by saying, "That is just why you need calendars. They will stimulate your business." Some salesmen insist that practically

every objection can be met in such a manner.

Another method of meeting an objection is to admit the truth of the objection but show that such is only a slight disadvantage when compared with the advantages. Thus, the salesman of advertising space states, "It is true that some few readers of the newspaper are not potential customers for you; but your message will reach those who are potential customers for less than one-fourth the cost of direct mail advertising."

When a prospective buyer raises a price objection, it indicates that the sales talk has not convinced him of the value of the product. It is necessary that he then be presented with more reasons why the price is reasonable. Although the salesman should be ready to answer objections effectively, a careful presentation of his sales talk and demonstration will prevent many objections from being raised. It is, therefore, a good plan to give considerable time and study in the preparation of the presentation.

The successful closing of a sale comes as a result of a sales talk and demonstration so convincing that the customer is thoroughly sold on the product. When the salesperson believes that the customer is ready to give his approval, a skillful closing will make it easy to close the sale. Most customers resent a salesperson who uses high-pressure methods in closing the sale, but tactful suggestions by him may secure favorable action on the part of the customer.

A simple method of closing is to ask the customer a question that requires him to make a buying decision. The following are frequently used.³³

"Do you prefer the Empire Brand or the **Acme Brand**?"
"Will three shirts be enough?"

³³ Clare Wright Barker, Ira Dennis Anderson, and J. Donald Butterworth, Principles of Retailing (3rd ed.; New York: McGraw-Hill, 1956), p. 484.

"Do you wish to take the hat with you, or shall I send it?"
"Shall I wrap this one for you?"
"Shall I charge it to your account?"

The salesperson should not attempt to close the sale until the customer seems ready to make a decision. To do otherwise would cause the prospective customer to regard the act as pressure salesmanship.

The customer can be made to feel entirely satisfied with his purchase by the salesperson making such comments as the following: "I am sure you will be pleased with your dress" or "You have made a wise choice in selecting this machine." The customer should be thanked sincerely for having made the purchase. Should no sale have been made, the salesperson should thank the customer for the opportunity of showing the goods and extend a cordial invitation to come again.

An investigation made by the University of Oregon concerning the relative efficiency of 501 retail salespeople in representative lines of business showed the following percentage of salespeople that satisfactorily met the four basic selling requirements.³⁴

Making favorable approaches	75.05%
Having adequate knowledge of the goods	54.49%
Effectively answering objections	35.53%
Effectively closing sales	30.14%

This investigation showed that the majority of the salespeople were able to greet customers satisfactorily. Handling them afterward was more troublesome. Approximately one-fourth of the salespeople needed to improve their selling approaches; one-half needed to increase their knowledge of the goods being sold; about two-thirds should improve their ability to answer objections effectively; and more than two-thirds needed to become more proficient in closing sales.

³⁴Barker, Anderson, and Butterworth, p. 475.

Have you had the experience of buying a fountain pen and having the salesman suggest that you buy a mechanical pencil to match the pen? Or have you observed a man when he purchased a shirt and the clerk suggested a necktie to match? Such activity on the part of the salespeople is known as suggestion selling. Suggestion selling takes place when the salesperson calls the attention of the customer to goods not definitely asked for.

A customer has just purchased a can of paint. The salesman says, "We have just the kind of brush to use with this paint," and hastens to show it to the customer. A woman has just purchased some yard goods for a dress, and the salesperson suggests thread and trimmings to match. These are examples of the suggestion of related articles.

You ask the grocery clerk for a small-sized package of cocoa. He brings you a package that sells for 20 cents and one that sells for 40 cents, and tells you that the larger one contains three times as much as the smaller one and yet it sells for only twice as much. Or you ask for a 15 cent can of a certain brand of corn, and the clerk tells you that you can purchase two cans for 25 cents. This kind of selling is called the suggestion of a larger quantity.

You may have asked a salesman to show you medium-priced shirts but he shows you also a higher-priced shirt that has really more quality for its price. This type of selling is called suggestion of higher-priced goods.

You may often have gone into a store for a particular brand of goods, but the salesman told you that that brand was not carried. He did, however, show you a similar brand stocked by the store. Or, you may have told the salesman the purpose for which you intended to use the particular brand, and he may have suggested that another brand was more suitable

for your needs. This type of selling is known as the suggestion of a substitute.

In addition to the four kinds of suggestion selling explained in the preceding paragraphs, there is another kind in which the customer's attention is called to merchandise that has been specially priced or that is being featured in the advertising of the store or manufacturer.

If the salesperson really uses suggestion and does not attempt to force unwanted goods upon the customer, then suggestion selling is desirable from the viewpoint of both the customer and of the store. Calling attention to related goods may save the customer from making an extra trip to the store later to buy the related goods that were purchased elsewhere. Likewise, suggesting to the customer that by purchasing a larger quantity he can get the goods at a lower price, suggesting a high-priced article when it means more quality for its price, and suggesting substitute brands should be of value to customers and should be considered as a part of the service that a salesman can render.

To a business, suggestion selling has great possibilities for increasing sales by getting customers to purchase related items instead of buying them from competitors. The increased sales should result not only in larger net profits but also in a greater percentage of new profit because the additional **sales** cause only a little increase in overhead expenses.

All suggestions should be based on a thorough knowledge of the merchandise and on a sincere desire to be of service to the customer. To be effective, the suggestions should be positive, not negative. "Will this be all for this time?" "You wouldn't like some nice strawberries today, would you?" and similar questions are likely to be futile in

increasing sales. It would be more effective to say, for instance, "These Tennessee strawberries have an exceptionally fine flavor." The suggestion should be made in an enthusiastic manner, and the salesman should attempt to show or demonstrate the suggested article. In suggesting substitutes, one should avoid such indefinite statements as, "This is just as good as the X brand." If the X brand is a shirt that gained its reputation because of its fast colors, the salesperson might say, "This shirt carries a money back guarantee that its colors are fast. It also has a collar that needs no starching when being laundered."

In order that the customer will receive a full measure of services, he should be given definite information as to the proper care of the article he is purchasing. The purchaser of a dry cleaning preparation should be given complete directions for using it. The customer who has purchased a pair of gloves should be told whether they should be laundered or dry cleaned. If they should be laundered, she should be told the best means of laundering, including the kind of soap to be used, the correct temperature of the water, and the best method of drying. A company selling plants will want to give the customer suggestions as to the best methods of caring for the plants. Failure to give the customer proper instructions on the use and care of the product he has purchased is likely to result in the customer's failing to get the best service from the product. He may, therefore, become dissatisfied with both the product and the business that sold it, even though the product is of the proper quality.

Some types and forms of merchandise can be sold without the aid of a salesperson. Experts generally agree, however, that if merchandise is to be sold successfully by vending machines or self-service, it must have these characteristics: well-known brand, packaged or easily handled,

small enough to be handled, does not require demonstrating or explaining.

F. Advertising and Promotion

Advertising is but one of many forms of selling, but its primary purposes are

- to make a direct sale
- to create demand for a product
- to make the customer more friendly
- to familiarize the customer with the use of the product
- to introduce new styles or customs
- to induce people to enter a store
- to get a list of prospects
- to prepare the way for a salesman
- to establish name brand popularity

Not many single advertisements will attempt to perform all of these functions, but many perform more than one. Different types of advertising serve different purposes. A person engaged in business should know what constitutes a reasonable expenditure for advertising. It is very difficult to know for sure if advertising really pays off because long-term results of advertising are very difficult to relate to improved sales. Surveys (United States Department of Commerce) indicate that profitable stores used sales promotion methods more than unprofitable stores. The average percentage of net sales spent for advertising range from 1/2 to 4%. There are advertising guidelines for each type of business that can be used.

The following are various means of advertising that are available to the businessman.

- Publication Advertising--newspaper, magazine, trade, directories programs
- Mass Advertising--outdoor advertising, window displays, radio and television, posters
- Direct Advertising--circular letters, catalogues, booklets, inserts, calendars
- Store Advertising--window displays, counter displays, special area displays

A businessman will use several types of advertising; however, he has an individual problem in determining what kind of advertising program to plan for. A simple procedure is to start with an estimated percentage of the monthly gross sales that can be used for all types of advertising. Once the amount to be spent is known, the budgeting for all types of advertising is a simple matter.

On the following page is a checklist for advertising. It may help you in determining your needs and expectations.

TABLE V CHECK YOUR ADVERTISING AGAINST THIS LIST³⁵

1. Does the headline contain news value?
2. Is there a promise to the reader's self-interest?
3. Is there an appeal for direct action?
4. Is the advertisement of proper size for the importance of the offer and for its most favorable presentation?
5. Is the advertiser's name clearly displayed?
6. Is the merchandise or service mentioned in the headline?
7. Does the headline include the name of the firm?
8. Does the illustration show the merchandise or service in use?
9. Does the illustration invite the reader to project himself into it pleasantly, profitably, or favorably?
10. Does the lay out locate elements logically and eye invitingly?
11. Is the lay out exciting or attention compelling?
12. Does the copy tell what is new, different, or better about the merchandise or service, especially from the style angle?
13. Does the copy inspire enthusiasm for the merchandise or service?
14. Does the copy have a definite ring of truth and sincerity?
15. Does the copy tell that the merchandise or service is priced to save money?
16. Does the copy tell that the product is guaranteed, lasting, and gives good service?
17. Does the copy develop and appeal to price?
18. Does the copy or illustration imply the merchandise increases sex appeal?
19. Does the copy tell why the merchandise is so priced?
20. Does the copy tell of the seasonal appeal of the merchandise?
21. Does the copy describe the merchandise or service with reasonable completeness?

³⁵Shilt and Wilson, 3rd ed., pp. 292-93.

22. Does the copy indicate a personal loss for not buying or using the product?
23. Are all negative thoughts connected with the product eliminated from the copy?
24. Does the copy indicate enthusiasm of users, such as testimonials?
25. Does the copy bring out superiorities of the merchandise or services over competitive products?
26. Is the urge to action repeated three times--in the heading, in first paragraph, and in closing?
27. Is the price displayed so it will command sufficient attention?
28. Is there a free deal, free offer, free trial, or something free included?
29. Have all details to facilitate action been included? (Phone number, order blank, store hours, mention of air conditioning, parking, etc.)

G. Distribution and Transportation Problems

Every businessman is faced with problems of shipping and receiving goods. These problems are extremely acute on the Indian reservation because of geographical isolation from large population centers and main highway systems.

Railway transportation services are usually not immediately available to the reservation businesses. Motor trucking competes favorably with the railroads in providing transportation services to Indian reservations. However, the trucking service is restricted to areas with good roads.

A lot of reservation businesses use the post office (parcel post) for shipping and receiving merchandise. This is because of convenience. However, parcel post rates are high and shipments are restricted in size, weight, and shape. The mail order houses do a sizable business on Indian reservations because of convenience.

Air express and freight are not conveniently available on most Indian reservations.

The reservation businessman is faced with which method or methods of shipment to be used. Some factors which should influence his decision are: speed of service, handling of goods, convenience in pick-up and delivery, packing requirements, insurance, and costs and rates.

The use of public transportation entails a lot of paper work. It is mandatory that the businessman become familiar with the common business forms used because they represent a contract between the shipper and the carrier (transportation company) as to conditions of services and methods of payment.

Cash on delivery (C.O.D.) shipments are common with most businesses.

There is, however, an extra fee charged for the C.O.D. service. After a business has been established, it is advisable to avoid C.O.D. shipments because of the additional expense.

Most established businesses have merchandise prepaid. The consigner pays the transportation charges and later collects from the consignee. Shipments are sometimes lost in transit and must be traced. This usually is a time consuming task for a busy businessman as it involves providing detailed information regarding the original shipment. Another headache is filing claims for shipments not delivered or totally or partially destroyed in route. Affidavits of nondelivery, freight bills, the bill of lading, and invoices are all instruments used in facilitating a claim against a common or private carrier.

A system of record keeping for handling transportation should be established at the outset of a business and kept current. This is vital to businesses which are dependent upon transportation companies for their subsistence.

A. Locating a Source of Merchandise

Questions

1. What thought should be kept uppermost in mind by the businessman in deciding what goods to buy?
2. What brand or brands of goods should be carried by a new business?
3. What are the principal methods of buying?
4. It is better to buy from many businesses or from only a few?
5. What do terms 1/10 mean?
6. Would you prefer terms of 2/10 or n/30?

Problems

I. A hardware dealer is offered an article by Company A at a list price of \$300, less discounts of 20 per cent, 10 per cent, and 5 per cent. Company B offers him the same type of article for \$300, less a discount of 35 per cent. Determine the cost of the article from each company.

II. An invoice of March 5 for \$625, with terms of net 60 days, was paid on March 17. If an anticipation discount of 6 per cent a year was taken, what amount was necessary to pay the invoice?

III. On March 1, you make a purchase of \$400 on terms of 2/10, n/30. Suppose you do not have the money to take advantage of the discount, so you borrow at 6 per cent for 20 days the amount needed to pay the invoice on March 11. What is the net saving you make by borrowing to take advantage of the discount?

B. Purchasing Procedures and Controls

Questions

1. How would you handle the purchasing chore for a small hardware business?
2. What are some of the duties of a stockman (checker) in a small business operation?
3. What is meant by coding merchandise?
4. Explain the difference between retail and wholesale price.

Discussion Topics

1. What are the chief reasons for taking inventory of the merchandise at the close of each fiscal year?
2. What is the value of having cost and retail price on each saleable item?
3. How would you maintain an inventory control in a business of your choice?

C. Pricing Procedures

Questions

1. Name the common operating expenses of a business.
2. How is a standard mark-up determined?
3. Are retail prices fixed by the manufacturer? Why? Is this legal?
4. What is meant by fair trade price?

Discussion Topics

1. How does competition affect prices?
2. The perishability of products should be considered in determining selling price. Explain why.
3. Explain the difference between net profit and gross profit.
4. What is to prevent merchants from over-charging their customers?

Problem

The Sexton Shoe Store is now selling for \$12 a pair of a certain style of shoe that costs \$7.20. The owner thinks that if the selling price were reduced slightly, more sales and more profits might be made as the operating expenses would not increase. The store has been selling an average of 30 pairs daily.

1. If the selling price is reduced 10 per cent, it will be necessary to increase the number of pairs sold by what percentage in order that the same amount of gross profit will be made?
2. Comment on the owner's belief that the operating expenses would not increase.

D. Basic Merchandising Policies

Questions

1. Why are some people skeptical of special sales?
2. What are some purposes of having a sale?
3. How would you handle return sales?

Discussion Topic

Suggest ways by which a retail grocery store on the reservation could improve its services to the community.

E. Selling

Questions

1. What four elements are involved in a sale?
2. Is it possible for one to develop salesmanship ability?
3. Give several reasons why customers stop patronizing certain stores.
4. State several reasons why customers like certain stores.
5. Is the merchandise approach considered a good approach?
6. Where can a salesperson obtain information about the products he sells?
7. What are some of the most common so-called buying motives?
8. Why is it desirable to have the customer participate in the demonstration of an article?
9. What is a commonly used method of meeting an objection?
10. Why does a prospective customer usually raise a price objection?
11. According to the figures shown by the University of Oregon survey, what percentage of the salespeople seemed to be effective in closing sales?
12. Name three kinds of suggestion selling.

Discussion Topics

1. "Every employee is an ambassador of goodwill for his organization." Explain this statement.
2. Explain how lack of knowledge about merchandise on the part of the salesperson might build ill will for a business.
3. Explain the importance of a good personal appearance to a salesperson.
4. Discuss the advantages and disadvantages of having employees wear uniforms.
5. State five personal traits that are desirable in salespeople and give a specific example of the importance of each.
6. Should all customers be handled in the same manner by the salesperson? Explain.
7. Is suggestion selling desirable? Discuss.

Problems

- I. Give a report on some salesperson you have observed, pointing out good characteristics and also traits that you think are not desirable.
- II. List the selling points that you should emphasize in selling each of the following articles: a bicycle, an electric clock, and mucilage.
- III. How might the salesperson meet the following objections?
 - "I cannot afford this article."
 - "A less expensive article will serve my purpose."
 - "I shall wait until they are marked down."
 - "I want to think it over."
 - "I want to see what the other stores have before I decide."
- IV. The Greeting Card Shoppe plans to feature in October a box of fifteen assorted Christmas cards for \$1.25. Make a list of objections that might be encountered and suggest how each might be answered effectively.

F. Advertising and Promotion

Questions

1. What are some purposes of advertising?
2. What type of advertising do you think is best?
3. What is meant by coop advertising?

Discussion Topics

1. Mention some examples of advertising practices that you feel are unfair.
2. If you operated a general store on a reservation, how would you advertise?
3. Do you think a company that is continuing in business is justified in featuring a "closing out sale" to clear out some old stock?

Problems

- I. Plan an advertising campaign for a small shoe store in your community, being sure that the total expenditures for a year will not exceed \$3,000.
- II. Obtain a sample of a handbill, a package insert, or a piece of direct mail advertising literature, and criticize it from the following points of view: attractiveness, specific information, effectiveness, other points that seem important.
- III. In an outlying district of a large city an attractive new residential community was developed. The contractor built a small business community with eight store buildings in it which were offered for rent. Within close walking distance or short driving distance there were 3,000 families whose incomes were estimated to average twice the normal average of the city. A successful grocer in another part of the city rented one of these buildings with the idea of developing a high-grade grocery store catering to the people in the new community.

Suggest ways in which this new grocery store could appeal to the customers in his community to get them to buy from him.

6. Distribution and Transportation Problems

Questions

1. When selecting a transportation company to do business with, what should be considered?
2. What are the factors that determine the cost of sending a parcel post package?
3. Mail-order houses get a large portion of the reservation business. Would you suggest a reservation tax on mail-order business?

Discussion Topics

1. If a customer of yours failed to get a shipment of merchandise, what would you do?

2. If you were in business and somebody sent you a rush order for twenty-five pounds of books and requested you send them by the fastest method to a destination (a little more than 1,000 miles away), would you send them by air express? Explain.

Problem

The Apex Manufacturing Company must make a decision as to the best method of shipping some relatively fragile merchandise weighing 130 pounds between Points A and B. The railroad freight rate on this shipment would be \$1.85. The insurance is included in the rate. The express charge is \$2.95, plus an additional insurance charge of 30 cents. It can be sent by parcel post for \$4.25, plus an insurance charge of 30 cents.

1. From the point of view of speed and delivery, which method would you select?
2. From the point of view of cost, which method would you select?
3. From the point of view of the care in handling a fragile package, which method would you avoid using?
4. If the shipment cannot be broken up into more than one package, which method of shipment is eliminated as a possibility?

CHAPTER V CONSIDERATIONS IN SMALL BUSINESSES

A. Credit and Collection Policies and Procedures

It is important to be familiar with various types of credit and to understand their uses, abuses, advantages, and disadvantages. A large percentage of business is conducted on credit. Transactions between wholesaler and retailer make the need for some kind of credit imperative. Requiring an exchange of cash would be very inconvenient for all concerned.

The retailer buys merchandise from the wholesaler and is expected to pay according to the terms of the sale. The granting of credit by the wholesaler permits the retailer to purchase goods and to sell at least a portion of them before he is required to make payments. Wholesalers usually sell "on account" to retailers under mutually agreed upon terms.

Retail credit is credit that is extended by the retailer to the customer. Businessmen make short-term credit and long-term credit. When a customer buys merchandise on time, the sale is charged to his account. At the end of the month, he is expected to pay for the purchase made during the month. A statement is usually sent by the creditor at the end of the month. The terms are usually net 10 days.

Long-term credit refers to installment buying, usually large purchases over a period of months or years. The retailer usually charges interest or a carrying charge. The repayment is usually on a monthly schedule.

A commonly recognized formula for determining the credit of a person is the three c's--character, moral responsibility toward financial obligation; capacity, earning power; and capital, referring to owned property.

Sources of credit information are available to the merchant from credit application blanks, local retail credit bureaus, other businesses, banks, employer(s), and neighbors.

What are some advantages of extending credit? As stated previously, business could not be transacted without some form of credit. Merchants recognize the advantages of credit in dealing with their customers. The following are some advantages of credit.

- Develop permanent customers
- Credit sales will generally be larger
- Customer confidence
- Create stable market
- Larger volume without additional expense

The only abuse of credit is that the customer might become indebted to the extent that the obligations cannot be met. Merchants who encourage reckless and extravagant purchasing may find some bills that are uncollectable.

Extending credit adds extra cost of sales. The extra costs result from extra clerical work, interest on capital, occasional losses, and returned goods.

Surveys made by national credit agencies indicate that in most businesses, it costs more to sell on credit than it does for cash.

It is desirable that a company have uniform credit policies so that all customers will be treated alike. The following credit policies might be adapted to your particular business.

TABLE VI RECOMMENDED CREDIT POLICIES³⁶

1. To standardize all terms, classifying accounts as follows:
 - A. Monthly charge accounts (open accounts)
 - B. Budget, or deferred-payment, accounts (time-payment accounts of short duration, not exceeding ten weeks, on which no carrying charge is made)
 - C. Installment accounts (time-payment accounts of long duration on which a carrying charge is made)
2. To state the terms to the applicant for credit, stressing a definite due date.
3. To consider all accounts to be past due on the day following the definite due date.
4. To make no deviation from the terms of credit.
5. When an account has not been paid in full within sixty days following the end of the month of purchase, to use at this point a uniform "term" letter.
6. To charge interest at the rate of not less than one-half per cent a month on all balances of monthly charge accounts that have been due for sixty days.
7. To use a credit application blank requiring the signature of the applicant and carrying a notice of the interest charge.
8. To check all applicants for credit through the credit bureau before opening any new accounts, and not to open an account when the credit report is unfavorable.
9. To require a down payment of not less than 10 per cent on all installment, lay-away, and will-call sales.
10. To record all installment accounts with the credit bureau if they are not recorded with the county clerk and recorder.
11. To furnish to the bureau each month a complete list of all accounts that have been delinquent ninety days. (Example: January purchases would be reported on May first)
12. To report promptly to the bureau all accounts that have been closed with cause; to report, at the time of repossession, any merchandise that has been repossessed; to report all unfair claims and any other special information that might affect the credit standing of the customer in the community.

³⁶Shilt and Wilson, 3rd ed., pp. 398-99.

In addition to establishing uniform credit policies, businessmen are encouraged to write a friendly letter (or letters) to new customers to acquaint them with the store and its services.

Installment sales are usually for merchandise that does not deteriorate rapidly from age or wear. Examples might be large appliances. Payments are scheduled over longer periods of time. Merchants will usually charge from 20 to 30 per cent interest for installment sales. Some businesses make more money from contract sales than they do on regular sale of merchandise.

Every businessman should be very cautious in giving credit. A convenient record of the credit history of every customer should be kept. Credit customers should be classified as to their paying patterns.

Credit may lose customers because, oftentimes, collection procedures are rather abusive. Businessmen usually have a sequential series of collection letters, contact by phone, and if possible, personal contact. If all this fails, the merchant has two alternatives: to turn the account over to a commercial collection agency (for 50% of bill), or to take the account to a small claims court. The small claims court is free, and the merchant and customer appear without legal representation. Securing a judgment from the small claims court is only one step in the collection process.

The next step usually involves an attorney who will take necessary steps to attach wages or property of the customer. The collection process is expensive and usually ends up with a lost customer and lost profits from sales. It behooves the merchant to select credit customers with care to minimize collection problems.

Repossession of property is extremely hazardous. Many repossession

techniques and procedures are actually illegal. Repossession should be the responsibility of bonded, insured, and experienced people. Merchants should personally refrain from repossessing merchandise.

Garnishment is a legal procedure for attaching wages by a creditor.

Bankruptcy allows that a person, who is so deeply in debt and repayment of debts is judged impossible, can file a legal instrument which will allow for the sale of the person's assets to satisfy and equalize obligations. If the assets are not sufficient, the judge will nullify the remaining claims. In other words, allow the debtor to start over with a clean slate. Filing bankruptcy has a tendency to be regarded as being a dead-beat in many sections of the United States. In other sections, there is little or no stigma attached. In the event of a customer filing bankruptcy, the merchant has little or no recourse. Fortunately for merchants, bankruptcy proceedings are few in number. (Loss from bad debts range from .5% to 2% of net sales. It is interesting to note that losses from open accounts are usually less than 1%, whereas losses from installment buying usually exceeds 1%.)

Merchants who do a credit business should be very watchful of their accounts receivable (what is owed to them) to see that the total does not get out of proportion to the amount of credit sales. It is incumbent upon the merchant to keep the accounts receivable current and apply pressure to collect in case of older accounts. A ninety-day account is usually considered delinquent.

B. Need for Financial Records for Budgeting, Control, and Planning

Under conditions of modern competition, a business cannot succeed indefinitely unless it follows sound methods of management. One of the most

important aspects of business management is the use of adequate financial records. Using financial records means not only the preparation of them but also the interpretation of them. A basic knowledge of accounting is a valuable asset to every businessman. No business can be operated successfully unless books are kept and accounting statements are prepared. No one should start in business without a knowledge of bookkeeping or the aid of someone who has such knowledge.

The following information should be shown from accounting records.

- kinds and values of assets
- accounts payable
- accounts receivable
- cash balance
- cash deposited in bank
- cash withdrawn from bank
- cash sales
- credit sales
- record of expenses
- purchases
- transportation charges
- sales records for employees
- profit or loss in percentage
- trends
- comparison

Many successful businesses provide a daily summary of all business activities. This might generally include cash sales, charge sales, cash register readings, cash out, purchases, etc. This information is usually balanced and accumulative for reference by auditors at the end of a certain period, usually a month.

Record keeping for each type of business is needed, plus adaptations for a specific kind of business. In other words, each business has special record keeping needs. The type and kind of records are usually made by a trial-and-error approach.

Because of federal and state interventions, record keeping has become a very complex phase of business. It has become so complex that even

small businesses require the services of trained accountants to file returns, audit procedures, and make reports. The old ways of doing business without written records is a thing of the past. The computerized system of record keeping offers relief to the businessman only to the extent that he is able to interpret computer information into future business projections.

C. Business Risks and Insurance

Every business is confronted with certain types of risks. Some can be overcome by good business management; others must be overcome by insurance.

Risks come in many varieties and are sometimes classified as natural, personal, and social. They may also be classified as

flood	racketeering
fire	price
storm	panics
robbery	fluctuation
strike	tariffs
riot	laws
forgery	changes in demand
taxes	economic changes

It is essential that a businessman have a working knowledge of business in order to avoid, or minimize, risks. A small business cannot afford to take serious risks when it is possible to obtain protection through some kind of insurance at a reasonable cost.

In almost all business operations, the elements of risk are present and not all risks are covered by insurance. What business amounts to is a matching of wits.

The businessman is matching his business sense against business risks. It is likely that a person with little or no aptitude for business will fail as a business manager.

D. Banking

The first step a prospective businessman should take before starting a business is to find a bank with which to do business. The selected bank should be consulted in regard to future business plans of the new business operator.

Under our present economic system, dealing with a bank is absolutely essential. Practically every business uses a bank for maintaining a checking account and borrowing money.

Banks are classified according to their primary function: commercial, savings, trust, and investment banks.

Small businesses usually use commercial banks or all-purpose banks, which are the ones accessible to the reservation. Many businessmen will "bank by mail" and thus do business with other than local banks.

Alert businessmen will usually shop for the lowest interest rate and the most convenient services. Larger banks have more resources available and are more apt to make larger loans. Small banks are better able to personalize banking services.

Banks are able to provide discount services, collection services, cashiers checks, bank drafts, and deposit insurance. One of the most important services a bank can render to a businessman is that of financial consultant.

A. Credit and Collection Policies and Procedures

Questions

1. What are the usual terms on open accounts?
2. Explain capacity in relation to credit.
3. Name some sources of credit references that a retail merchant might use.
4. What are some advantages of extending credit?
5. What is meant by "credit develops permanent customers?"
6. Is the Dun and Bradstreet credit service useful for a retail store in looking up the credit of its customers?
7. If you, as an individual, move from one city to another, how is it possible for a retail store to obtain information on your credit record?
8. Would it be advisable to turn good accounts over to a collection agency before they become very old? Explain.
9. If a customer has owed an account for some time, what is the advantage of getting the customer to sign a note promising to pay this amount?
10. Explain what is meant by garnisheeing wages.
11. What are the average losses from bad debts?
12. What is meant by "aging accounts receivable?"

Problems

1. Assume that you are operating a shoe store in a community of 20,000 population selling shoes of moderate to minimum quality.
 1. Should you grant 90-day credit?
 2. If a new family moves into your community, through what source may you reasonably obtain credit rating information on the family?
 3. If you want to know the financial standing of a firm from which you are buying shoes, from what source may you obtain this information?
 4. Would you consider selling shoes on an installment plan with a down payment of 5 per cent?

II. Assume that you have five customers who have ordinarily paid regularly at the end of 30 days when the statement of their accounts has been mailed. At the end of 60 days these accounts have not been paid. You decide that some kind of special message should be sent with the statement. Indicate what you would attach to the statement, write on it, or include in a separate letter.

III. Below is the first collection letter, which is part of a series. It was designed to be written to a group of customers whose accounts are 60 days overdue (to be sent 10 days after the third statement). They have already received regular statements at the end of 30, 60, and 90 days. A sticker was attached on the second statement and a note was typed on the bottom of the third statement calling attention to the usual credit terms of 30 days and reminding the customers that the accounts are 60 days past due, and that payment is expected promptly.

1. Indicate whether you feel that this letter is the right type or the wrong type for this stage in the collection series.
2. Indicate specifically the good features or bad features of this letter.
3. Rewrite the letter the way you think it should be written.

Dear Mr. _____:

Surely you will agree that we have been reasonable and liberal in extending credit to you. As you know, our terms are thirty days net, but your account is now more than sixty days past due.

You have been sent three different statements covering the balance of your account. This balance is \$60.50. If this amount does not agree with your records, please let us know.

We cannot wait any longer for this money that is due us. We shall expect to receive payment immediately or to have some explanation from you. Unless we do hear from you within the next two days, we shall be forced to turn this matter over to an attorney.

Sincerely,

B. Need for Financial Records for Budgeting, Control, and Planning

Questions

1. Name some kinds of information that a merchant should expect from his business records.
2. What are the choices of the owner of a business in keeping his bookkeeping records if he does not understand bookkeeping and accounting principles?

3. Is an employer required by law to make income tax deductions from the wages of employees?

Discussion Topic

If you had a machine that normally would last twelve years and then could probably be sold for a certain amount of money, how would you proceed to set up a depreciation rate on that machine?

Problem

The Apex Radio Store sells for cash and credit. A cash register is used and it has been found that approximately \$50 in cash is needed at the beginning of each day for change. A bank account is maintained on which checks are written to pay bills. Sales on account are sold on 30 days' credit and statements are mailed on the first day of each month. Most purchases are made on 30 days' credit.

1. Explain the proper method of handling cash.
2. Suggest a system for handling the accounts receivable with customers.
3. Suggest a system of handling accounts payable.

C. Business Risks and Insurance

The Superior Manufacturing and Welding Company on January 1 had \$12,150 in cash. The estimated cash sales for each of the next three months is \$10,000 a month. The estimated sales on credit are \$30,000, \$32,000, and \$33,000, respectively, for January, February, and March. The credit manager estimates that the collections during each of these months will be about 90 per cent of the credit sales. Notes receivable coming due in January amount to \$1,000, and in March amount to \$12,000. The estimated payroll is \$12,000 for January, \$12,000 for February, and \$13,000 for March. Purchase estimates are \$35,000 for January, \$32,000 for February, and \$25,000 for March (to be paid by the tenth of each following month). Purchases coming due in January are \$20,000. Supplies and expenses will run about \$200 for each month. The only estimated repairs are \$1,200 in February. A note payable amounting to \$3,000 becomes due and payable February 10.

1. Prepare a cash forecast (or budget) similar to the one discussed.
2. At the beginning of which of the three months is the estimated cash balance lowest?
3. From this cash forecast, do you anticipate the necessity of borrowing money from a bank or curtailing purchases?

D. Banking

Questions

1. Why should a person contemplating starting a business get acquainted with a bank?
2. What are the advantages and disadvantages of dealing with a small bank?
3. What is the Federal Reserve System?
4. Distinguish between a secured and unsecured loan.
5. What is meant by a demand loan?
6. What is the procedure for stopping payment on a check?
7. What is the purpose of a certified check?

Problems

- I. Assume that you are in business and have an invoice for \$576.50 on which the terms are 2 per cent ten days, net thirty days. You wish to take the discount, but find it necessary to borrow money at 6 per cent until the end of the month in order to pay the invoice. You will need to borrow \$500. How much money will be saved by borrowing the money for twenty days in order to obtain the discount?
- II. The Farmers Implement Company sells farm equipment, seeds, and supplies to farmers but does not collect much cash during the spring and summer. The business runs out of cash during the spring and summer because it cannot collect its accounts until the farmers sell their crops in the fall. Therefore, it is necessary for the company to borrow money.
 1. Explain the different ways in which this business might be able to borrow money.
 2. Assume that on June 1, the company has to borrow \$9,000, with \$3,000 coming due on July 1, \$3,000 on August 1, and the remaining \$3,000 on September 1. As treasurer of the company, write out and sign this series of three non-interest-bearing notes in behalf of your company and payable to a local bank.
 3. If the bank deducts in advance at the rate of 4 per cent a year, figure out the proceeds on the \$9,000 loan mentioned above.

CHAPTER VI SMALL BUSINESS PERSONNEL PROCEDURES

Hiring, Training, and Supervising

Every business has the problem of hiring and maintaining an efficient working force. Much of the success of a business depends upon selecting the right kind of employees and using them effectively so that they are satisfied in their work and able to work efficiently. A new employee in an office, store, or factory is usually paid more than he is actually worth until he has had enough training and experience to understand the new work and to work efficiently. In order to reduce the time that a new employee is unproductive, good training and supervision are necessary. The new employee will not only become efficient sooner, he will also probably, in the long run, become a better and more satisfied worker.

In small businesses, the training of new employees amounts to an apprenticeship. The new employee will be trained by the owner, which may be good or bad depending on how good the owner is. It is incumbent upon the owner to provide training by example for the trainee.

The business philosophy of the owner should be inculcated in the new employee for a lasting relationship. A good executive will try to develop a junior executive in each employee. There is no uniform procedure in small businesses; however, the following are some suggestions an employer might use.

Do--

1. Be considerate of the feelings of others at all times.
2. Be calm and avoid showing excitement.
3. Give credit where credit is due.
4. Assume the blame for any mistake you make.
5. Recognize ability and work well-done.
6. Give praise in public when possible.
7. Criticize privately.
8. Give criticism constructively.

Do Not--

1. Go over the head of or circumvent someone in authority.
2. Dominate a conversation or conference.
3. Ignore suggestions.
4. Show a bad temper.
5. Ridicule a subordinate.
6. Criticize or show disapproval in front of other workers.
7. Take credit that is not due you.
8. Assume authority that is not yours.
9. Blame someone without knowing the facts.

Questions

1. Name some characteristics of a good manager.
2. What is meant by a procedure manual?
3. What is time and motion study?
4. What are some reasons for high employee turnover in some businesses?
5. Explain what is meant by the statement that learning the business means more than just watching?

Problem

You have the responsibility in a department store operation to select, train, and develop twenty-five foremen to manage stores in rural areas of north central United States. You are to develop a training program.

CHAPTER VI UNIQUE GOVERNMENT-RESERVATION RELATIONSHIP

This chapter was purposely included in this course because it is essential to understand that Indian reservations (and Indian people) have a unique relationship with the federal government; and this very fact will influence decisions regarding business operations on Indian reservations.³⁷

The government of American Indians living on reservations is the product of literally thousands of treaties, federal laws, and judicial decisions, and myriad rules and regulations issued by federal agencies over more than a century and a half.

Indian trust land designated as reservations is free from state and local taxation, and the federal government is charged with the responsibility of providing educational, health and other social services for the welfare of reservation Indians where states do not meet these needs. Because Indians are subject to federal laws detailed in treaties and other arrangements or the jurisdictional power of states over reservations is often not clear or ill defined.³⁸

Because of this relation that Indian tribes have with the United States government, problems related to business endeavors are magnified.

It is mandatory that prospective reservation entrepreneurs understand some of the complexities in operating businesses that are regulated by more than one governmental agency.

³⁷Justice and the American Indian, Vol. I, The Impact of Public Law 280 upon the Administration of Justice on Indian Reservations (Washington: National American Indian Court Judges Association, 1974), p. 18.

³⁸Sar A. Levitan and Barbara Hetrick, Big Brother's Indian Programs, With Reservations (New York: McGraw-Hill, 1971), p. 19.

The problems related to county, state, federal and tribal jurisdiction on Indian reservations are too numerous to deal with briefly, and the intent is not to delve into a complicated explanation of them.

For our purposes, it is enough to say that prior knowledge of this situation will lessen frustrations and assist in future planning.

It might be helpful for the student if a couple of situations were mentioned that reflect jurisdictional conflicts relative to small business functions.

Situation 1: Cafe business on the reservation requires a tribal license to operate but is subject to South Dakota state, county, federal, and tribal health standards. Also, the cafe is required to collect sales tax for the state.

Situation 2: Wholesale delivery service requires a tribal license, a state vehicle license, and an out-of-state vehicle license (if more goods are picked up out of state).

It is very difficult to actually purchase business building sites on an Indian reservation. It is usually easier to secure a long-term lease.

Before deciding to operate a business enterprise on an Indian reservation, it would be wise to find out from the tribal administration the details for starting and maintaining a certain kind of business operation.

One of the primary concerns of a new business venture is its chances and life span for survival. It behooves prospective businessmen to have legal assurance that a specific investment will be protected from the sometimes whimsical activities of political aspirants. It is essential that this assurance result from established procedures prescribed by the tribal constitution and charter. Verbal assurances are very treacherous and totally unacceptable as a solid business procedure.

CHAPTER VIII
FUTURE POSSIBILITIES FOR RESERVATION
BUSINESS GROWTH

The need for economic development on Indian reservations today is perhaps greater now than ever before. Many Indian leaders are convinced that if tribal governments fail now to move towards self-determination and self-improvement, they will miss the last opportunity to do so before pressures upon them and their resources will absorb them. While pressures are acute, there are conditions that make it possible for Indians to accomplish now what was not possible a few years ago. Indians are highly motivated at the present time and have a greater development of talent and Indian resources from which to use in their behalf.

It is essential to realize that economic development on Indian reservations is only one aspect of a huge number of functions that must be integrated and blended into harmonious and working communities.

It is mandatory that Indian communities and their needs be understood in relation to their history. Most of them have been in existence for hundreds of years. They have successfully survived, producing not only livelihood, but a full life for the individuals that comprise the unit. The Indian way of life was the composite of many highly specialized skills of the membership. The communities were highly organized and capable of mobilizing for emergencies as a matter of routine. There was both competition between individuals and high degrees of cooperation

between individuals and groups. The family unit predominated and integrated various services necessary for all ages and all basic functions in life.

If economic development is to be successful, it must harmonize with all cultural forces in operation on the reservations. This is a basic consideration that must be clearly understood.

Some of the considerations that make Indian economic development programs unique are Indian leadership through tribal councils. Tribal councils are sovereign powers within a very complex governmental structure which involves local, state, federal, and tribal bodies.³⁹ It is this body that prospective entrepreneurs will have deal with. Needless to say, the success of a business will depend to a degree on the support of this group.

Business enterprises must be fitted to the individual reservations because each reservation is different in many ways.

The failure of Indian businesses has been consistently due to the lack of adequate pre-business training. Business management training for Indians has been sorely neglected. Some have expressed a feeling that this vital ingredient of business was neglected intentionally because it might prove to be a threat to existing reservation businesses.

Each reservation must provide for its own business development and its planning, development of alternatives, accumulation of resource data, recruitment of personnel, managers, technicians, design of facilities, contracting for services, design specification, construction, fund raising, training, service facilities, land ownership, internal conflicts,

³⁹ Justice and the American Indian, Vol. I, The Impact of Public Law 280 upon the Administration of Justice on Indian Reservations, p. 27.

business management programming, interaction with local non-Indian politics, conflicts with non-Indian interests on the reservation, funding and coordination of management and training programs, maintenance of adequate communication on the reservation, and the establishment of transportation facilities.

Some persons have viewed the tribal government in a very dim light, as to its ability to administer. It should be remembered that it is extremely difficult to coordinate all reservation programs and activities within the previously mentioned framework.

On some reservations, changes are taking place so rapidly that it is almost impossible to expect all persons to know exactly what is going on over the entire reservation. This creates many misunderstandings because of poor communications.

It is to be expected that in the democracy of small communities, differences of opinion will develop within the tribe and will be reflected in the workings of the tribal council.

It is within this framework of governance that prospective business persons will operate. In reality, it is probably no different than within other institutions and federal agencies.

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3

APPENDIX

GLOSSARY

abstract of accounts payable, see schedule of accounts payable.

abstract of accounts receivable, see schedule of accounts receivable.

account, a device for collecting like debits and credits under one title.

accountant, one skilled in the practice of accounting or in charge of public or private accounts.

account balance, the difference between the total debit entries and total credit entries of an account.

accounts payable, amounts owed by a person or business to creditors.

accounts payable ledger, see creditors ledger.

accounts receivable, amounts owed to a business by its customers.

accounts receivable ledger, see customers ledger.

accrual basis, the practice of record keeping by which income is recorded when earned, and expenses are recorded when incurred, even though the cash may not be received or paid out until a later date.

accrued expenses, expenses incurred during a fiscal period but still remaining unpaid at the end of that fiscal period.

accrued income, income earned during a fiscal period but not actually received during the fiscal period.

anticipated discount, condition in purchasing.

asset, the entire property of all sorts of a person, association, corporation or estate applicable or subject to the payment of his or its debts.

bad debts, losses caused by the failure of customers to pay what they owe.

balance ledger form, an account form with three money columns. In addition to the usual debit and credit columns, there is a balance column, which always shows the total due.

bank discount, the interest discounted in advance on a note and computed on the face value of the note.

bank reconciliation, the process of accounting for the difference (if any) between the bank balance as shown by the depositor's check-stub records and the bank balance as shown by the monthly bank statement.

bankruptcy, the situation existing when a court has declared a person or a firm bankrupt; i.e., insolvent or unable to pay one's debts. Insolvency is not bankruptcy unless so adjudged by the court.

bargain, something sold at a price advantage.

bill of sale, a statement, signed by the seller of personal property, that he has transferred his ownership to the buyer named for a consideration. It is used to prove ownership, when necessary. It may be a formal document under seal, or it may be simply an invoice marked "paid."

bond, a certificate of debt.

bookkeeper, one who records the accounts or transactions of a business.

business, the buying and selling of commodities and services, usually for a profit

cash basis, the practice of record keeping by which income and expenses are not recorded until the cash is actually received or paid out.

cash on delivery, merchandise shipped to a point, at which point the merchandise is to be paid for.

cash receipts, amounts of money given or checks received.

chamber of commerce, an association of businessmen to promote commercial and industrial interests.

charge sale, goods sold to be paid for in the future.

charge ticket, a form listing the information about a sale and used as a basis for the formal bookkeeping entry.

check, the written order from a depositor directing his bank to pay a specified amount of money to some person or business.

cooperative, an enterprise or organization owned by and operated for the benefit of those using its services.

corporation, a type of business organization created by state law and given many of the legal rights of individuals.

cost of goods sold, the amount determined by subtracting the value of the closing merchandise inventory from the sum of the opening merchandise inventory and the net purchases for the fiscal period.

cr., abbreviation for "credit" and "credited."

credit, amounts placed on the right side of an account.

credit balance, the amount by which the credit entries of an account exceed the debit entries.

creditor, one to whom another, called the debtor, owes money.

currency, paper money and coins.

current assets, cash or other assets that may be converted into cash within a relatively short period.

current liabilities, liabilities that will be paid within a relatively short period (approximately one year).

daily cash report, a form that lists the information necessary for proving cash for the day.

debit, amounts placed on the left side of an account.

debit balance, the amount by which the debit entries of an account exceed the credit entries.

debtor, one who owes money to another, called the creditor.

depreciation, the decrease in the value of a fixed asset.

disbursements, see cash payments.

discount, a reduction from the stated price or amount.

dr., abbreviation for "debit" or "debited."

drawee, the person, firm, or bank that is requested to pay the amount named in a draft or check.

entrepreneur, a person who organizes, operates, and assumes the risk of particular business ventures; directly connected with the business.

entry, the record made of a business transaction.

E.O.M., condition of a sale, "amount due at the end of the month."

F.I.C.A. deduction, an amount subtracted from an employee's salary and paid to the Federal Government to make him eligible for social security retirement as well as other benefits.

fiscal period, the period over which the net profit or loss of a business is determined.

fixed assets, assets considered a permanent part of the business because they last for a number of years and because they are not readily convertible into cash.

free on board, without charge for delivery to and placing on board a carrier at a specific point.

freight in, the delivery costs on merchandise purchased by a business.

freight out, the delivery costs on merchandise sold to customers.

gross profit on sales, the amount by which the net sales exceeds the cost of goods sold.

indorsement, a name and other necessary information written on the back of a check or other commercial paper to transfer it to another person or business.

insurable interest, the right to insure.

insurance premium, the amount paid to an insurance company for a specific amount and kind of protection.

insurance register, a record kept to supply information about the insurance policies purchased by a business. For each policy the following information might be given: amount of premium, amount of protection, type of protection, length of protection period, and name of insurance company.

interest, an amount received or paid for the use of money.

invoice, a list of items shipped on an order, showing also the price and quantity of each item, the date shipped, terms, how shipped, etc.

jobber, a wholesaler who operates on a small scale or who sells only to retailers and institutions.

liabilities, something for which one is liable; debts

maturity date, the date on which payment is due on a note or draft.

merchandise inventory, the value of merchandise on hand at a specific time.

mortgage, a conveyance of property upon condition that becomes void upon payment or performance according to stipulated terms.

negotiable instrument, any commercial paper that may be transferred legally by indorsement.

net loss, the excess of the total expenses over the total income for a fiscal period.

net profit, the excess of the total income over the total expenses for a fiscal period.

net sales, the final amount of sales for a fiscal period, determined by subtracting the amount of sales returns and allowances from the total amount of sales made during the period.

net terms, no discount.

net 30, net amount of invoice due in thirty days.

net worth, see proprietorship.

note payable, a written promise given to a person or business, agreeing to pay that person or business a certain amount at a certain time.

note receivable, a written promise received from a person or business, agreeing to pay the person or business holding the note a certain amount at a certain time.

overhead costs, business expenses not chargeable to a particular part of the work or product.

partnership, an association of two or more persons who combine their property, labor, and skills in a business in which they agree to share profits and losses.

payee, the person or firm to whom the amount stated in a note, draft, or check is to be paid.

payroll period, the length of time adopted by a business as a basis for issuing wages to its employees.

percentage of markup, the amount added to the cost of merchandise to realize a business profit.

posting, the process of transferring the journal entry information to the ledger accounts.

profit and loss statement, a financial report showing the income, expenses, and net profit or loss from operating a business over a stated fiscal period.

promissory note, a written promise to pay a certain sum of money at a certain time.

proprietorship, the owner's financial interest in his assets and his right to use them.

purchase invoice, a business form itemizing merchandise bought.

purchase requisition, a form used within a business organization requesting the purchasing agent or department to purchase needed items.

purchasing, exchange of merchandise or services for money.

retail, the sale of commodities or goods in small quantities to ultimate customers.

retail store, sale of commodities to the consumer, usually small sales.

sales discount, a reduction from the stated price or amount allowed to a customer.

sales returns and allowances, credits allowed a customer for merchandise sent back or for shortages or defects in merchandise retained by him.

schedule of accounts payable, a statement listing the individual account balances of the creditors ledger.

schedule of accounts receivable, a statement listing the individual account balances in the customers ledger.

selling, to exchange for money.

shipping point, a distribution area from which merchandise is to be shipped.

shopping centers, clusters of small businesses.

social security deduction, see F.I.C.A. deduction.

statement of account, a report sent to a customer, summarizing the month's transactions and showing his unpaid balance.

2% 10 days, a 2% discount if invoice paid in 10 days.

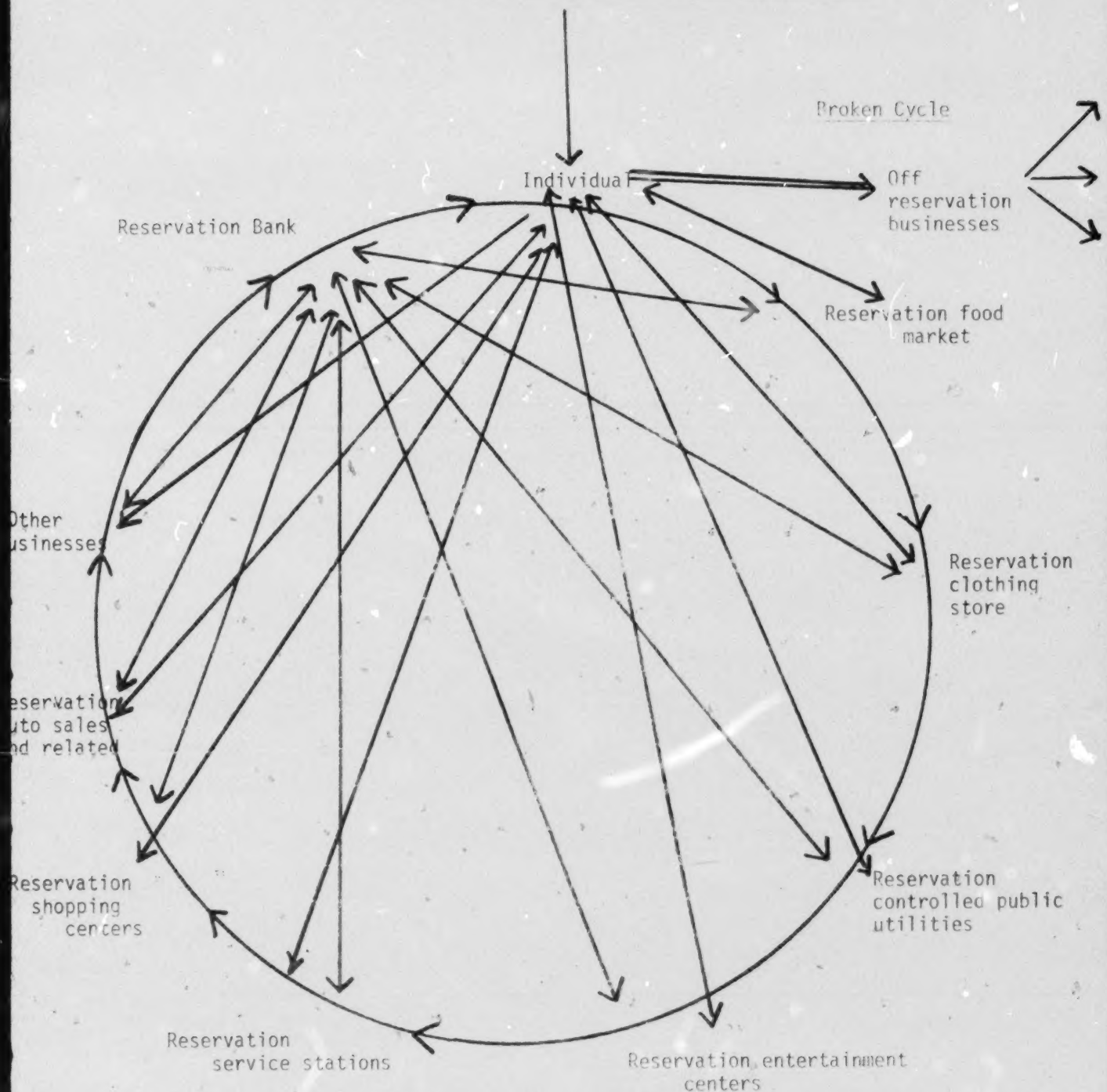
wholesale, the sale of commodities in quantity usually for resale.

wholesaler, a merchant middleman who sells chiefly to retailers, other merchants, or industrial, institutional, and commercial users, mainly for resale or business use.

withdrawals, assets taken out of the business by the owner for personal use.

withholding tax, an amount deducted by an employer from an employee's wages as an estimated payment toward what the worker will owe the federal Government on his income tax.

RESERVATION INCOME EXPENDITURE CYCLE



In order to have a healthy reservation economy the \$ has to be re-cycled many times. The example of the broken cycle appears to be the chief reason for the economic situation on many of the Reservations today.

INDIAN OWNED BUSINESSES
PINE RIDGE VILLAGE
1974

<u>Name of Business</u>	<u>Owner/ Operator</u>	<u>Indian Employees</u>	<u>Services Rendered</u>	<u>Non-Indian Employees</u>
Blue Arrow Laundry	Johnson Holy Rock	3	Laundromat	
Shangreau's Market	Francis Shangreau	5	Retail Groceries and Meat	1
Lakota Gas	Pat Pourier	5	Propane & Fuel Supplies	
Vern's Garage	Vern Buckman	2	Auto Repair	
Sherman's Boot Repair	A. Sherman	1	Shoe Repair	
Ella Irving Arts & Crafts	Ella Irving	2	Custom Pottery	
Pine Ridge Hotel	Velma Big Heart	2	Transient Rooms	
Crazy Horse Cafe	OHAP	4	Food Service	
O.S.T./Indian Action Team		2	Construction	
Young Leather Craft	Lyle Young	2	Leather chaps, headwork, etc.	
Pine Ridge Utilities Company		5	Utility Services	
Janis Construction	Ed Janis	3	General Construction Contracting	
Taco Debbies	Eugene Rooks	1	Fast Food Services	1
Delores Shangreaux Beauty Shop	Delores Shangreaux	1	Beauty Shop	

INDIAN OWNED BUSINESSES
OTHER RESERVATION COMMUNITIES

<u>Name of Business</u>	<u>Location</u>	<u>Owner/Operator</u>	<u>Indian Employees</u>	<u>Services Rendered</u>
Vocu's Service Station	Manderson	Vocu	1	Gasoline, Retail Sales
Emerson Spider Garage	Porcupine	Emerson Spider	1	Auto Repair
Husky Service	Sharps Corner	Dale Paschal	2	Retail Gasoline Sales
Laundromat	Sharps Corner	Dale Paschal	1	Automatic Laundry
Zephier Cafe	Kyle	Harvey Zephier	2	Food Service
Taopi Ckiala Co-op	Kyle	Cooperative	10	Quilts and Beadwork
Hunter Cafe	Kyle	Hunter	1	Food Service
Garage	Kyle		1	Auto Repair
Swalley Trading Post and Cafe	Wanblee	Swalley	2	Retail Groceries and Fuel
Wanblee Post Office	Wanblee	Livermont	1	Mail Service
Wounded Knee Post Office	Wounded Knee	Robert Ecoffey	1	Mail Service
Post Office	Oglala		1	Mail Service
Trading Post and Service Station	Red Shirt		1	Retail Groceries
Medicine Root Press	Kyle			Printing Services
Pine Ridge Auto Sales	Manderson	John Hussman		Retail Used Auto Sales

NON-INDIAN OWNED BUSINESSES
PINE RIDGE VILLAGE
1974

<u>Name of Business</u>	<u>Owner</u>	<u>Indian Employees</u>	<u>Service</u>	<u>Non-Indian Employees</u>
Sioux Nation Super Market	Highway 20 Corporation (Ideal Markets)	14	Retail Groceries, etc.	8
Pine Ridge Products	Sunbell Corporation	156	Manufacturing	8
Hemmingway's Husky's Service Station	A. Hemmingway	3	Automotive	2
Vitalis Service Station (Husky)	Art Vitalis	2	Automotive	1
American Oil		2	Fuel Oil	1
Bison State Telephone	Bison State	2	Telephone	1
Dolezal Dray Service	Dolezal	1	Freight Delivery	1

Excerpt From
INDIAN AMERICANS

By Murray Wax

The traders also introduced the Indians of North America to distilled liquor. Very early they discovered that the Indians had no cultural resistance to the pleasures of rum or whiskey, and that these constituted the ideal means for lubricating the trade of furs or the sale of land. All that the Whites required, beyond the liquor, was caution (or a stout fort) for the drunken Indian men usually went on a wild emotional spree, fighting, shooting, and even killing. President Jefferson secured from Congress authority to prevent the sale of liquor to Indians, and 30 years later Congress passed further legislation to restrain this traffic. But, as with the later attempt at general Prohibition, the law was difficult to enforce; the Indian desire for liquor was too strong and the profit from conveying it to them was fantastic. The American Fur Company, the creature of John Jacob Astor, was repeatedly accused of violating liquor regulations and smuggling into Indian territory great quantities of whiskey and rum, which its agents then exchanged for furs at the most outrageous rates. The Indian agent at Camp Leavenworth estimated that from 1815 to 1830 the fur trade on the Missouri had totaled over \$3 million, and that half of this was clear profit. About the same time, William B. Astor was acknowledging that the operation of the fur company was yielding even larger returns, namely \$500,000 per year.

Needless to say, the missionaries were gravely disturbed by the association between the Indian and Whites engaging in such un-Christian practices. It was bad enough that the Indians were being encouraged to hunt and trap,

rather than to farm, but it was intolerable that they were being debauched with alcohol. Moreover, the Indians found an abundance of White companionship in their sociable activities. Traders, travelers, lumbermen, railroad men, ranch hands, and others of the less pious and less respectable among the Whites were happy to indulge with the Indians in such pastimes as whiskey drinking, card playing, breaking the Sabbath, enjoying the pleasures of the other sex, and being indolent. Before the Civil War, some missionaries believed that if the Indians could all be removed from the eastern part of the country, they could be sheltered in the West from contact with the worse sort of Whites. While this was a delusionary vision, it helped to provide a respectable sanction to drive for removal.

A form of corruption emerging in Western territories was so distinctive that it became known as the "Indian ring." At minimum, it involved a triumvirate: a politician, an Indian agent, and a contractor. The politician installed the agent, who selected the contractor, who shared among the three of them the funds which were supposed to be given out as Indian annuities (or rations). Since these transactions occurred in isolated areas, they were seldom subject to scrutiny by uncorrupted observers; the Indians, ignorant of the English language and of Anglo customs, and legally and jurally powerless, had no way in which they could seek redress for their miserable and abused condition. The governors of the Western territories were ex officio the Indian Superintendents, but since they were primarily concerned with development of the area for the benefits of Whites, they could scarcely be counted upon to protect Indian interests. Indeed, there was great temptation for them to participate or share in the operations of the "ring." Some honest men tried to resist and frustrate the operations of the local ring; there were also some persons who were real friends of the Indians and were

shocked by their condition but, given the climate of Western opinion, it was easier for the ring to enlist the power of the press and of the legal establishment rather than for the latter to crusade against the corruption of the law, and a number of critics of Western rings were dismissed or persecuted on fabricated charges. John Beeson, for example, settled in the Rogue River Valley of Oregon in 1853, and was appalled to observe how (despite treaties) his fellows were encroaching on Indian lands, thus provoking conflict, and then securing payment from the federal government for serving in troops which slaughtered the Indian owners. When he protested publicly, he was accused of being a traitor, and his narratives of events were savagely distorted in the press. In the end, he had to flee for his life.

Wax, Murray L. Indian Americans, Unity and Diversity. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1971.

ABERDEEN AREA
SERVICE POPULATION OF INDIAN RESERVATIONS
(Informational Measures from the Labor Force Report Prepared May 1975)

Reservation	TOTAL	Male	Female	On Res.	Near Res.
Cheyenne River.....	4,538	2,235	2,303	4,399	139
Glendreau.....	293	135	158	51	242
Fort Berthold.....	2,780	1,355	1,425	2,620	160
Fort Totten.....	2,336	1,121	1,215	2,186	150
Pine Ridge.....	11,842	5,943	5,899	9,091	2,751
Rosebud.....	8,410	4,129	4,281	8,314	96
Yankton.....	1,425	720	705	1,227	198
Sisseton.....	3,533	1,790	1,743	3,273	260
Standing Rock-N.Dak. (.48%)....	2,464	1,149	1,315	2,344	120
S.Dak. (.54%)....	2,669	1,244	1,425	2,539	130
Total (100%)....	5,133	2,393	2,740	4,883	250
Turtle Mountain.....	7,550	3,829	3,721	4,530	3,020
Winnebago.....	872	433	439	800	72
Omaha.....	1,331	668	663	1,282	49
Santee Sioux.....	410	199	211	410	0
Crow Creek.....	1,429	732	697	1,403	26
Lower Brule.....	753	343	410	743	10
TOTAL.....	52,635	26,025	26,610	45,212	7,423
Percent	100.0	49.4	50.6	86.0	14.0

South Dakota.....	34,892	17,271	17,621	31,040	3,852
% of S.Dak.	100.0	49.5	50.5	89.0	11.0
% of Total	66.3	66.4	66.2	68.7	51.9
North Dakota.....	15,130	7,454	7,676	11,680	3,450
% of N.Dak.	100.0	49.3	50.7	77.2	22.8
% of Total	28.7	28.6	28.8	25.8	46.5
Nebraska.....	2,613	1,300	1,313	2,492	121
% of Nebr.	100.0	49.8	50.2	95.4	4.6
% of Total	5.0	5.0	5.0	5.5	1.6

ABERDEEN AREA
SERVICE POPULATION OF INDIAN RESERVATIONS
BY AGE GROUPS
(Informational Measures from the Labor Force Report prepared May 1975)

RESERVATION	TOTAL	AGE GROUPS					
		Under 16	16-24	25-34	35-44	45-65	65+
Cheyenne River	4,538	2,157	603	623	444	469	242
Male	2,235	1,072	305	292	212	226	128
Female	2,303	1,085	298	331	232	243	114
Flandreau	293	113	59	24	24	46	27
Male	135	50	27	12	10	25	11
Female	158	63	32	12	14	21	16
Fort Berthold	2,780	1,250	550	265	315	250	150
Male	1,355	630	270	119	146	120	70
Female	1,425	620	280	146	169	130	80
Fort Totten	2,336	1,325	372	200	184	165	90
Male	1,121	636	179	96	88	79	43
Female	1,215	689	193	104	96	86	47
Pine Ridge	11,842	5,799	1,905	1,277	1,041	1,218	602
Male	5,943	2,944	980	631	550	557	281
Female	5,899	2,855	925	646	491	661	321
Rosebud	8,410	3,876	1,402	1,050	814	806	462
Male	4,129	1,938	701	506	387	399	198
Female	4,281	1,938	701	544	427	407	264
Yankton	1,425	535	328	164	130	165	103
Male	720	267	192	90	55	75	41
Female	705	268	136	74	75	90	62
Sisseton	3,533	1,515	752	395	285	447	139
Male	1,790	759	391	195	143	227	75
Female	1,743	756	361	200	142	220	64
Standing Rock (No. Dak. (48%))	2,463	1,239	392	240	201	276	115
Male	1,148	508	204	123	92	136	85
Female	1,315	731	188	117	109	140	30
Standing Rock (So. Dak.) (52%)	2,670	1,343	425	260	218	300	124
Male	1,245	551	220	134	100	147	93
Female	1,425	792	205	126	118	153	31
Turtle Mountain	7,550	3,926	1,377	652	580	652	363
Male	3,829	2,002	702	332	295	320	178
Female	3,721	1,924	675	320	285	332	185
Winnebago	872	318	126	135	101	132	59
Male	433	175	48	69	56	62	23
Female	439	143	78	67	45	70	36

Service Population of Indian Reservations (Continuation)

Omaha	<u>1,331</u>	<u>590</u>	<u>160</u>	<u>179</u>	<u>137</u>	<u>127</u>	<u>88</u>
Male	668	285	83	92	72	92	44
Female	663	305	77	87	65	85	44
Santee	<u>410</u>	<u>150</u>	<u>83</u>	<u>50</u>	<u>25</u>	<u>55</u>	<u>47</u>
Male	199	70	42	28	10	24	25
Female	211	80	41	22	15	31	22
Crow Creek	<u>1,429</u>	<u>646</u>	<u>256</u>	<u>169</u>	<u>142</u>	<u>154</u>	<u>62</u>
Male	732	330	119	89	83	84	27
Female	697	316	137	80	59	70	35
Lower Brule	<u>753</u>	<u>433</u>	<u>100</u>	<u>76</u>	<u>38</u>	<u>75</u>	<u>30</u>
Male	343	207	41	27	17	36	15
Female	410	226	59	49	21	40	15
TOTAL	52,635	25,215	<u>8,890</u>	5,760	4,679	5,388	2,703
Male	26,078	12,477	4,504	2,835	2,316	2,609	1,337
Female	26,557	12,738	4,386	2,925	2,363	2,779	1,366

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ABERDEEN AREA
LABOR FORCE STATISTICS
(Informational Measures from the Labor Force Prepared May 1975)

RESERVATION	TOTAL INDIAN POPULATION			LABOR FORCE					
	No.	%	% in Labor Force	TOTAL		EMPLOYED		UNEMPLOYED	
				No.	%	No.	%	No.	%
Cheyenne River	4,538	100.0	28.4	1288	100.0	930	72.2	358	27.8
Flandreau	293	100.0	34.5	101	100.0	93	92.1	8	7.9
Fort Berthold	2,780	100.0	35.4	983	100.0	690	70.2	293	29.8
Fort Totten	2,336	100.0	25.3	590	100.0	396	67.1	194	32.9
Pine Ridge	11,842	100.0	26.4	3128	100.0	2,041	65.3	1,087	34.7
Rosebud	8,410	100.0	32.4	2725	100.0	1,690	62.0	1,035	38.0
Yankton	1,425	100.0	34.9	497	100.0	166	33.4	331	66.6
Sisseton	3,533	100.0	28.4	1002	100.0	410	40.9	592	59.1
Standing Rock (No. Dak.) (48%)	2,463	100.0	24.0	590	100.0	354	60.0	236	40.0
Standing Rock (So. Dak.) (52%)	2,670	100.0	23.9	639	100.0	383	59.9	256	40.1
Turtle Mountain	7,550	100.0	29.2	2204	100.0	1,661	75.4	543	24.6
Winnebago	872	100.0	36.0	314	100.0	135	43.0	179	57.0
Omaha	1,331	100.0	31.7	422	100.0	189	44.8	233	55.2
Santee	410	100.0	42.2	173	100.0	96	56.7	77	43.4
Crow Creek	1,429	100.0	38.4	548	100.0	298	54.4	250	45.6
Lower Brule	753	100.0	16.7	126	100.0	100	79.4	26	20.6
TOTALS:									
SOUTH DAKOTA ----	34,893	100.0	28.8	10054	100.0	6,111	60.8	3,943	39.2
NORTH DAKOTA ----	15,129	100.0	28.9	4367	100.0	3,101	71.0	1,266	29.0
NEBRASKA -----	2,613	100.0	34.8	909	100.0	422	46.4	487	53.6
AREA WIDE TOTAL	52,635	100.0	29.1	15330	100.0	9,634	62.8	5,696	37.2

ABERDEEN AREA
LABOR FORCE STATISTICS
MAY 1975

Service Population
On or Near Indian Reservations

		71	72	73	74	75
A01	Cheyenne River	4,232	4,308	4,335	4,504	4,538
A03	Flandreau	267	267	283	293	293
A04	Fort Berthold	2,720	2,750	2,775	2,798	2,780
A05	Fort Totten	1,988	1,990	1,995	2,286	2,336
A06	Pine Ridge	11,500	11,353	11,478	11,660	11,842
A07	Rosebud	7,403	7,488	7,538	7,671	8,410
A08	Yankton	926	1,338	1,425	1,425	1,425
A09	Sisseton	2,117	2,434	2,979	3,486	3,533
A10	Standing Rock	4,892	4,690	4,868	4,874	5,133
A11	Turtle Mountain	7,380	7,305	7,385	7,385	7,550
A13-01	Winnebago	877	887	660	809	872
A13-02	Omaha	1,101	1,367	1,369	1,390	1,331
A13-03	Santee	244	357	357	356	410
A14	Crow Creek	1,183	1,230	1,242	1,236	1,429
A15	Lower Brule	616	701	702	783	753
TOTAL		47,446	48,465	49,391	50,952	52,635

ABERDEEN AREA
LABOR FORCE STATISTICS
MAY 1975

Total Under 16 Years of Age

		71	72	73	74	75
A01	Cheyenne River	2,183	2,253	2,141	2,209	2,157
A03	Flandreau	115	106	103	113	113
A04	Fort Berthold	1,309	1,319	1,335	1,350	1,250
A05	Fort Totten	1,046	1,050	1,045	1,251	1,325
A06	Pine Ridge	5,475	5,586	5,641	5,720	5,799
A07	Rosebud	3,672	3,732	3,755	3,189	3,876
A08	Yankton	434	802	509	509	535
A09	Sisseton	1,097	1,240	1,305	1,546	1,515
A10	Standing Rock	2,181	2,281	2,287	2,240	2,582
A11	Turtle Mountain	3,912	4,018	4,062	4,042	3,926
A13-01	Winnebago	253	253	190	325	318
A13-02	Omaha	238	489	528	528	590
A13-03	Santee	89	138	138	137	150
A14	Crow Creek	553	587	560	527	646
A15	Lower Brule	311	351	345	390	433
TOTAL		22,868	24,205	23,944	24,076	25,215

ABERDEEN AREA
LABOR FORCE STATISTICS
MAY 1975

Total Over 16 Years of Age

		71	72	73	74	75
A01	Cheyenne River	2,049	2,055	2,194	2,295	2,381
A03	Flandreau	152	161	180	180	180
A04	Fort Berthold	1,411	1,431	1,440	1,448	1,530
A05	Fort Totten	942	940	950	1,035	1,011
A06	Pine Ridge	6,025	5,767	5,837	5,940	6,043
A07	Rosebud	3,731	3,756	3,783	4,482	4,534
A08	Yankton	492	536	916	916	890
A09	Sisseton	1,038	1,194	1,674	1,936	2,018
A10	Standing Rock	2,711	2,409	2,581	2,634	2,551
A11	Turtle Mountain	3,468	3,287	3,323	3,343	3,624
A13-01	Winnebago	624	624	470	484	554
A13-02	Omaha	863	878	841	862	741
A13-03	Santee	155	219	219	219	260
A14	Crow Creek	630	643	682	709	783
A15	Lower Brule	305	350	357	393	320
TOTAL		24,596	24,250	25,447	26,876	27,420

ABERDEEN AREA
LABOR FORCE STATISTICS
MAY 1975

Not in Labor Force

		71	72	73	74	75
A01	Cheyenne River	991	980	1,000	776	1,093
A03	Flandreau	74	74	87	79	79
A04	Fort Berthold	482	485	490	448	547
A05	Fort Totten	435	478	549	504	421
A06	Pine Ridge	2,985	2,980	2,975	2,945	2,915
A07	Rosebud	1,908	1,923	1,995	2,174	1,809
A08	Yankton	321	247	393	393	393
A09	Sisseton	625	719	856	1,007	1,016
A10	Standing Rock	1,427	1,250	1,315	1,305	1,322
A11	Turtle Mountain	1,409	1,427	1,265	1,358	1,420
A13-01	Winnebago	207	207	157	231	240
A13-02	Omaha	238	286	286	341	319
A13-03	Santee	77	100	100	100	87
A14	Crow Creek	265	268	286	413	235
A15	Lower Brule	153	198	209	230	194
TOTAL		11,597	11,622	11,963	12,528	12,090

ABERDEEN AREA
LABOR FORCE STATISTICS
MAY 1975

Potential Labor Force

		71	72	73	74	75
A01	Cheyenne River	1,058	1,075	1,194	1,519	1,288
A03	Flandreau	78	87	93	101	101
A04	Fort Berthold	929	946	950	1,000	983
A05	Fort Totten	507	462	401	521	590
A06	Pine Ridge	3,040	2,787	2,862	2,995	3,128
A07	Rosebud	1,823	1,833	1,788	2,308	2,725
A08	Yankton	171	289	523	523	497
A09	Sisseton	413	475	818	925	1,002
A10	Standing Rock	1,284	1,159	1,266	1,329	1,229
A11	Turtle Mountain	2,067	1,860	2,058	1,958	2,204
A13-01	Winnebago	417	417	313	271	314
A13-02	Omaha	625	592	555	521	422
A13-03	Santee	78	119	119	119	173
A14	Crow Creek	365	375	396	296	548
A15	Lower Brule	152	152	148	163	126
TOTAL		13,457	12,628	13,484	14,549	15,330

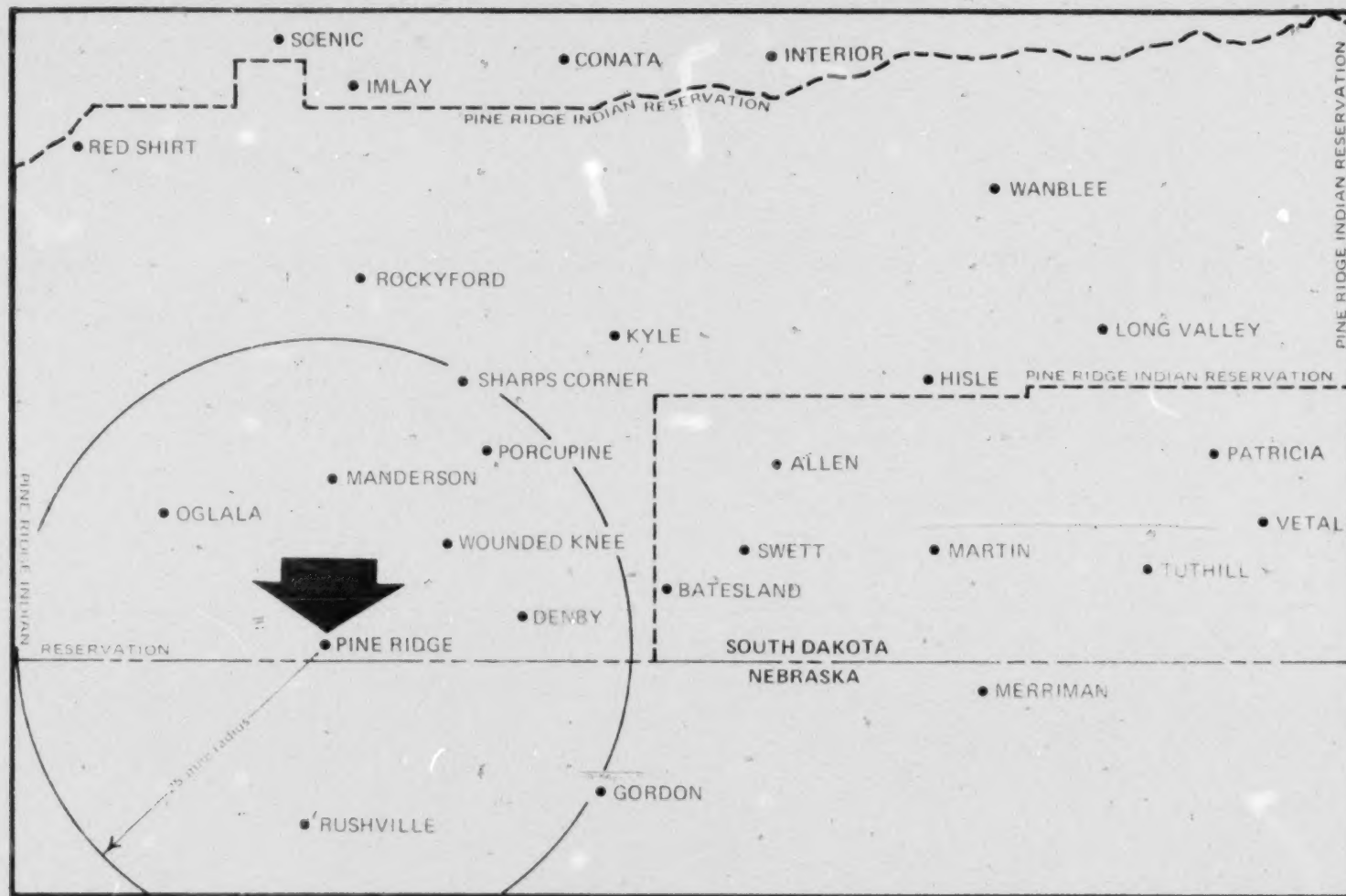
ABERDEEN AREA
LABOR FORCE STATISTICS
MAY 1975

Employed

		71	72	73	74	75
A01	Cheyenne River	724	783	883	1,208	930
A03	Flandreau	71	79	85	93	93
A04	Fort Berthold	409	566	613	699	690
A05	Fort Totten	55	189	155	300	396
A06	Pine Ridge	1,425	1,630	1,732	2,050	2,041
A07	Rosebud	1,115	1,361	1,384	1,831	1,690
A08	Yankton	124	99	81	157	166
A09	Sisseton	238	274	327	410	410
A10	Standing Rock	757	760	815	835	737
A11	Turtle Mountain	822	1,080	1,128	1,128	1,661
A13-01	Winnebago	164	164	159	127	135
A13-02	Omaha	200	220	250	221	189
A13-03	Santee	39	48	60	60	98
A14	Crow Creek	109	118	121	101	298
A15	Lower Brule	57	117	118	134	100
TOTAL		6,309	7,488	7,911	9,354	9,634

ABERDEEN AREA
LABOR FORCE STATISTICS
MAY 1975

		<u>Not Employed</u>				
		71	72	73	74	75
A01	Cheyenne River	334	292	311	311	358
A03	Flandreau	7	8	8	8	8
A04	Fort Berthold	520	380	337	301	293
A05	Fort Totten	452	273	246	221	194
A06	Pine Ridge	1,615	1,157	1,130	1,125	1,087
A07	Rosebud	708	472	404	477	1,035 ?
A08	Yankton	47	199	442	366	331
A09	Sisseton	175	201	491	519	592
A10	Standing Rock	527	399	451	494	492
A11	Turtle Mountain	1,245	780	930	875	543
A13-01	Winnebago	253	253	154	144	179
A13-02	Omaha	425	372	305	300	233
A13-03	Santee	39	71	59	39	75
A14	Crow Creek	256	257	275	195	250
A15	Lower Brule	95	35	30	29	26
TOTAL		6,698	5,149	5,573	5,424	5,696



CITY PINE RIDGE, S. D.

POPULATION 2,768

25 mile radius 12,914

Male 6,283

Female 6,631

Shannon

County

Ages

Male

Female

15 - 24

624

752

25 - 44

798

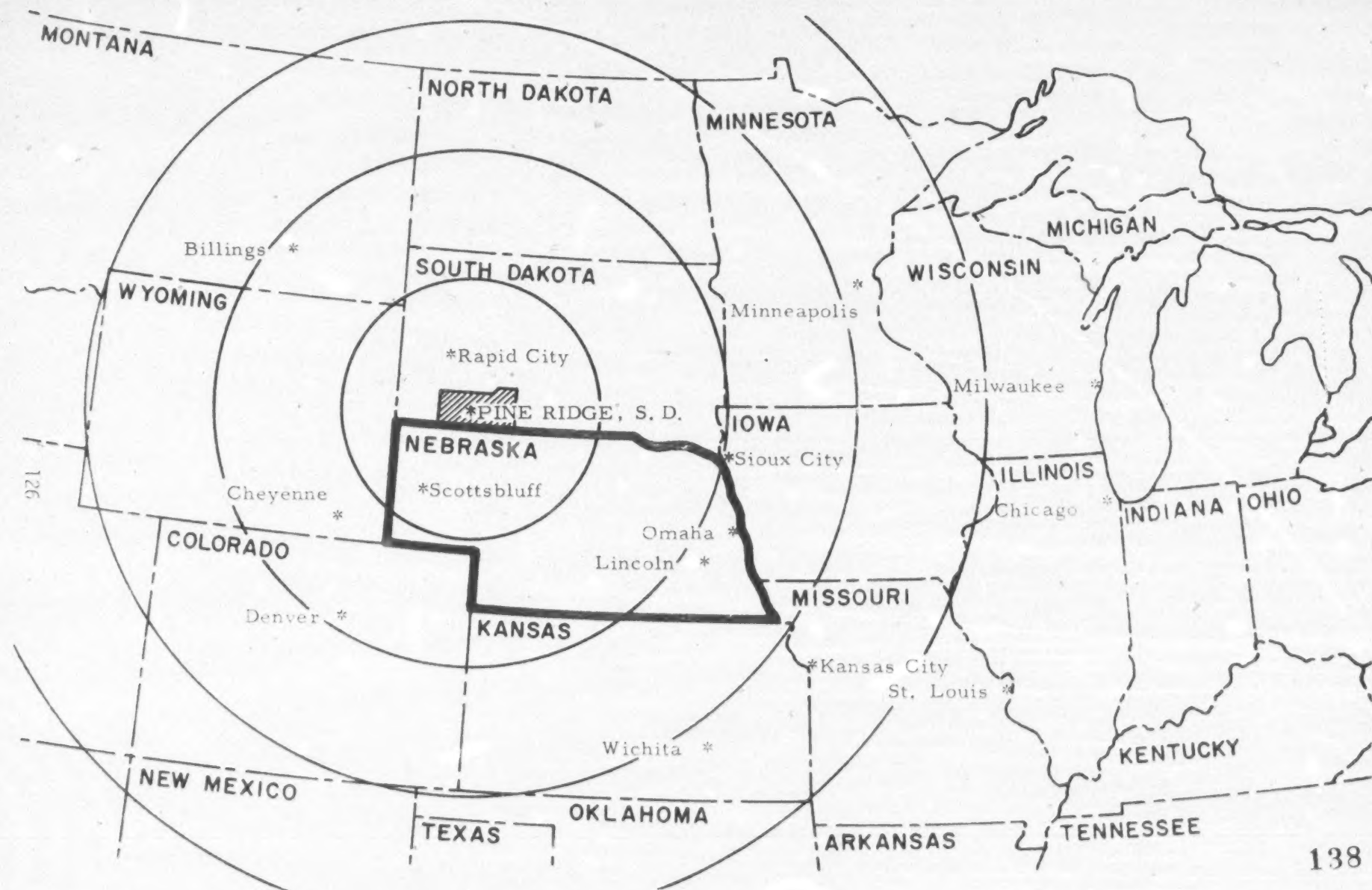
838

45 - 54

292

317

Source: 1970 Census of Population



ADVANTAGES OF OWNING YOUR OWN BUSINESS

Salary limited only by ability and ambition

Freedom and satisfaction of being your own boss

Enjoy considerable employment security

Put into play your own constructive ideas

Social recognition as a class

DISADVANTAGES OF OWNING YOUR OWN BUSINESS

Salary sometimes low

Retirement difficult to plan for

Long and irregular working hours

Total responsibility

Risk of financial loss

Isolated because of culture



THE PRIMARY PURPOSES OF ADVERTISING

To make a direct sale

To create demand for a product

To make the customer more friendly

To familiarize the customer with
the use of the product

To introduce new styles or customs

To induce people to enter a store

To get a list of prospects

To prepare the way for a salesman

To establish name brand popularity

ADVANTAGES OF CREDIT

Develop permanent customers

Credit sales will generally be larger

Customer confidence

Create stable market

Larger volume without additional expense

MANAGERIAL "DO'S"

Be considerate of the feelings of others at all times

Be calm and avoid showing excitement

Give credit where credit is due

Assume the blame for any mistake you make

Recognize ability and work well done

Give praise in public when possible

Criticize constructively

Give criticism privately

MANAGERIAL "DO NOT'S"

Go over the head of or circumvent someone in authority

Dominate a conversation or conference

Ignore suggestions

Show a bad temper

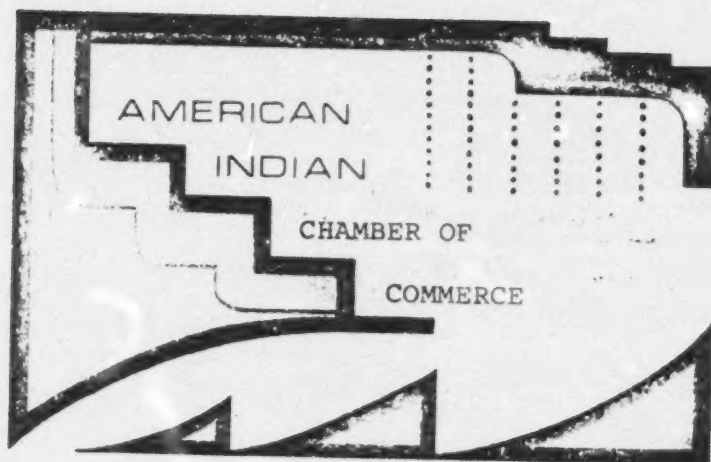
Ridicule a subordinate

Criticize or show disapproval in front of other workers

Take credit that is not due you

Assume authority that is not yours

Blame someone without knowing the facts



AMERICAN INDIAN CHAMBER OF COMMERCE

PROPOSAL

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I. Statement of Need:

A) Chambers of Commerce were formed within the individual communities to increase trade and commerce. These objectives were pursued through a variety of methods:

1) The resources of the community were studied:

- a) Available manpower (semi-skilled, skilled, professional);
- b) Natural resources available;
- c) Proximity to rails, highways, waterways, airways, etc.;
- d) Industrial buildings and sites available;
- e) Housing available to influx of population due to increased job opportunities;
- f) Educational facilities in immediate area;
- g) Recreational activities available and developmental;
- h) Accomodations for tourists, conventioners and travelers.

2) At the monthly semi-annual or annual meetings of the Chamber the business people of the community had an opportunity to discuss:

- a) Current problems (status of local economy, etc.);
- b) Upcoming activities that would create an impetus of people to stimulate the local economy;
- c) Plans to promote local business during the upcoming events;
- d) Ways and means to entice industrial development in the community;
- e) Reports of Chamber internal committees on crime, purchasing and contracting, local construction, etc.

I. Statement of Need (Continued):

- 3) One of the most important functions of the Chamber is to introduce business people to each other. To acquaint the local merchants with other local merchants in an effort to stimulate local commerce and trade between it's members. This is accomplished by:
 - a) Meetings of members, monthly, semi-annually, etc.;
 - b) A monthly newsletter listing current members, the services they provide, the products they produce, etc. and a brief article on all new members, the location of their business, phone numbers, etc.;
 - c) Most importantly, these meetings afford the Chamber members an opportunity to get acquainted on a first name, face to face basis and utilize these meetings as a forum to sell their products, services and potential to fellow members.

- 4) The local Chambers acted as a body in promoting and advertising their activities. These campaigns were directed in several directions:
 - a) Local news releases covered Chamber activities and upcoming events;
 - b) Chamber sponsored programs received extensive news coverage by radio, TV, newspapers, etc.;

I. Statement of Need (Continued):

- c) Campaigns to change state laws considered detrimental to local or state commerce were pursued;
 - d) Attracted industry through brochures, meetings, and ad campaigns;
 - e) Sold the products and services of the local chamber business people to other communities through promotion of local sales events and by acquainting other communities with the products available locally.
- 5) The local chambers actively seek contracts for local businesses:
- a) Alert contracting officers (State, County, Federal, etc.) of the businesses within the local community capable of fulfilling contracts;
 - b) Encourage local businesses to get on the bid list of governmental contracting agencies;
 - c) Assist and encourage local businesses to attain the required standards needed to qualify for governmental contracts;
 - d) Notify members by letter, news articles, etc. when a large contract is to be awarded in the local community.
- 6) Most local chambers make it a practice to utilize the services of the local state employment facility:
- a) By encouraging members to call this agency when new job positions need to be filled;

I. Statement of Need (Continued):

- b) By calling upon this agency when new employees are being sought.

II. Purpose:

The American Indian Chamber of Commerce (AIC of C) was designed to meet the needs of the Indian community. One must face the cold, realistic fact of the total unconcern the Anglo dominant Chambers of Commerce have displayed toward minority entrepreneurs, specifically Indian business people.

Most reservation businesses, whether tribally or individually owned and most urban Indian businesses are located in or near what we call "Bordertowns." For instance, in South Dakota we have the cities of Rapid City and Pierre. In New Mexico we have Gallup, Albuquerque, and Farmington. In my dealings with the Chambers of Commerce of these cities, I was able to find only minuscule participation by Indians. Too often, I was told that the problems confronting Indian business people were problems that should be handled by the government. I was also told that the local chambers could not concentrate upon Indian businesses because they did not have the time to cater to a select group and generate hostility from the many! In other words, the problems of the few would not be sacrificed in the interests of the many.

One of the real problems was a total lack of sensitivity to the unique status of Indian people. Geographical isolation, language barriers and cultural differences also precluded any concerted efforts

II. Purpose (Continued):

by the Anglo Chambers from soliciting Indian participation in their programs.

Many of the conferences I attended, Rotary, Kiwanis, Elks Club meetings, chamber functions, etc., established a precedence. This was the first time many of these clubs and associations had ever had an Indian speaker at their meetings and this was also the first time that many white business people had ever had a face to face meeting with an Indian businessman. I found it hard to believe that this country had progressed this far by completely ignoring a very vital race of people within shouting distance by pretending we did not exist.

In question and answer sessions that concluded these speaking engagements, I found that most non-Indians truly believed that the only businesses owned by Indians were in the arts and crafts field. One president of a large banking institution exasperated me completely when he stated, "We try to use our bank to purchase arts, crafts, and jewelery, but what can we do about the drunken Indians on Main Street?"

Bordertowns are notorious to all Indians for their racist politics and it is my contention, based upon actual dealings with Bordertown Chambers that these organizations are actively working against Indian input and participation. The only conclusion that presented itself to me, rather harshly, is that the Anglo controlled Bordertown Chambers of Commerce are one of the last bastions of white supremacy.

I was forced to draw these conclusions by repeated efforts at participating with the local chambers. This is not intended to

II. Purpose (Continued):

propagate racism, but to deal with the actual findings presented to me by the Anglo controlled Chamber of Commerces.

It is my contention that the American Indian Chamber of Commerce can bridge the gap that exists between Indian and non-Indian participation by becoming representative of our people on a chamber to chamber basis that will enable us to alleviate the myths and misconceptions that exist today.

After some of the meetings that the American Indian Chamber of Commerce participated in, I could see the "thawing" of preconceived attitudes and this usually precipitated congenial, open discussions with the non-Indian business people and caused a reappraisal of past misconceptions and generated a new awareness that heretofore, did not exist.

If the American Indian Chamber of Commerce accomplished nothing else but act as an ambassador of good will, as a promotion organization designed to eradicate myths and misconceptions surrounding Indian people (business people in particular) our existence will have been justified.

Realistically, the American Indian Chamber of Commerce has the sensitivity to cope with Indian thought, methods, aspirations and ideals, and most importantly, we have the tools to open many "closed doors" within the non-Indian business community and to seek out a large market for Indian products and services in the private sector who have for the most part, been totally unaware of the businesses that are Indian owned and operated.

II. Purpose (Continued):

Many of the activities outlined in Part I of this proposal (Statement of Need) that are performed daily by local and national chambers can be utilized and applied to the Indian business community by the AIC of C. First of all, one must begin to think of the Indian business community as just that, a community. Once this concept is fully understood, it is easy to envision the achievements in marketing, advertising and recognition that can be attained by Indian business people, both on and off the Reservations, if they can participate in a national program as a community. What we would then have is many Indian businesses, tribal and individuals, working in a program of participation, through an Indian Chamber of Commerce, to bring increased revenues back to the Indian people.

III. Objectives:

The activities of the American Indian Chamber of Commerce will be geared to entail three basic objectives:

- 1) To promote and advertise Indian owned businesses, organizations and events;
- 2) To organize a "Purchasing and Contracting Committee" to pursue contracts both governmental and private for Indian tribes, corporations and proprietorships;
- 3) To develop jobs, unskilled, skilled and professional with the various governmental agencies and within the corporations of the private sector;

III. Objectives (Continued):

The methods for accomplishing these three basic objectives are outlined in Part IV of this proposal, "Plan of Action."

IV. Plan of Action:

1) Promotion and Advertising:

a) The AIC of C will endeavor to promote and advertise Indian businesses, organizations and events through all phases of the news media. This will include the use of television, radio and newspapers. We have talked with the Communications Media Department of the University of Colorado about the possibility of putting together a "Media Kit" or film that can be updated periodically as a presentation or documentary that will place emphasis upon the existence, capabilities and potential of tribal and individually owned Indian businesses. This film will be presented at meetings of other chambers of commerce across the country, particularly in "Bordertowns" to give a realistic picture of the modern Indian business person in an effort to relax the tensions in these towns and create an atmosphere of understanding and cooperation.

We presently have access to airing our program on two television stations in Oklahoma and one in New Mexico. We are in the process of negotiating with a Denver television station to produce a show that will be hosted by the Director of the AIC of C that will present Indian business people, leaders and activities to the general public. Because many of the outlying areas surrounding Colorado are on a TV cable system our audience will include Wyoming, Western South

IV. Plan of Action (Continued):

Dakota, parts of Utah, New Mexico, Arizona, and Nebraska.

2) Purchasing and Contracting Committee:

a) The AIC of C will subscribe to the Commerce Daily in order to maintain a current status on contracts being let by the Federal Government. We will also be placed on the mailing list of several state agency contracting officers. A cross index file will be established that will enable us to relay the information concerning upcoming contracts to members capable of meeting the requirements. Letters will be mailed to many of our non-Indian members advising them of the Indian businesses in their respective areas and advising them of the capabilities of these Indian firms in an effort to obtain contracts through the private sector.

3) Jobs Development:

a) There are many agencies that are established and funded to compile lists of Indians seeking employment. These include CETA (Indian Manpower), the Bureau of Indian Affairs Employment Offices, and various Urban Indian Centers.

b) Through our contacts with the various governmental agencies and the private sector we will actively promote "job openings" within these agencies and corporations. As Indian organizations and corporations from the private sector become members of the AIC of C, we will enlist their aid in creating job positions within their ranks for Indian people. We will accomplish this by telephone, letters and face to face contact with the Directors and Executives of these firms;

IV. Plan of Action (Continued):

3) c) We will also accomplish this through the use of the news medias described above;

d) The AIC of C will compile a "Job Skills Bank" independent of the other employment agencies that will actively seek job hunters by advertising in the described media;

e) As jobs are called in to us by our various contacts, we will cross reference these positions through our Job Skills Bank. We will utilize the facilities of the other employment agencies if we have no one in our files that can adequately fill the new positions.

V. Annual Conventions:

As outlined in Part I (Statement of Need) one of the major tools of a Chamber of Commerce is the meeting set up periodically to bring all of the members together. The AIC of C is in complete agreement with this established practice.

Identification is one of the major problems confronting Indian entrepreneurs. This was brought home to me most emphatically in Albuquerque, New Mexico. I was told that one of the main reasons there was little or no participation in the Albuquerque Chamber of Commerce by Indians, was because there were very few if any, Indian businesses in the community. This was not the case. I sought out, and found, Indian owned service stations, body and fender shops, retail stores, restaurants, professional service organizations, consultants, drapery shops, security police firms and several others.

The annual meeting we envision will include all of the members

V. Annual Conventions (Continued):

of the AIC of C, both Indian and non-Indian. We feel that much can be accomplished by bringing these businesses and organizations together. Ideas can be exchanged, the utilization of each others' products and services can be discussed, contracts could be signed, sales promotions could be planned. Exchange visits to each others' business ventures could be considered, and above all, a new feeling of cooperation and understanding could materialize.

The AIC of C will dramatize the importance of advertising. I spoke recently with the publisher of one of the widest circulated Indian newspapers in this country. When I brought up the subject of Indian advertising he said, "What advertising? I've been in this business a long time and I know that one of the major weaknesses enveloping Indian concerns is the lack of advertising. We just do not make a practice of good public relations."

The AIC of C strongly feels that past business conventions have accomplished little for one basic reason. The conventions had a well established pattern of speaker and audience! The AIC of C convention will consist of fellow Chamber members, Indian and non-Indian, who will be active participants rather than observers. The prosperity of their business concerns will be the issue and participation will be the solution.

The AIC of C contends that without funding we have accomplished much and most importantly, through trial and error, we have laid the foundation for a much needed, well established, viable and successful Indian organization. We can only "dream" of what we could have and still can accomplish with funding.

VI. Membership

- 1) Additional memberships will be achieved through the following methods:
 - a) Word of mouth by present members;
 - b) Visual and audio contact with prospective members in the course of promoting present members.
 - c) Exposure as a result of news releases in the news media aimed at advertising for present members and AIC of C activities.
- 2) These areas of solicitation will be accomplished by indirect methods. None of the funds allocated would be used for the specific purpose of seeking new membership.
- 3) We feel that by the end of fiscal year 1976, our actual membership list will have grown to the point of giving us the strength in numbers to carry on our activities by dues and contributions.
- 4) During the 1920's, national sentiment toward Indians began to change resulting in the turnabout in Indian Policy of the 1930's. The Merriam Report in 1928¹ painfully illustrated the tragic conditions. eg: poor health, no health care, inadequate income, unemployment, substandard housing, education, etc., of the Indian people.

It provided a compromise between assimilation and traditionalism. But more importantly, the report urged:

"The work with and for the Indians must give consideration to the desires of the individual

VI. Membership (Continued):

Indians. He who wishes to merge into the social and economic life of the prevailing civilization of this country should be given all practicable aid and advice in making the necessary adjustments. He who wants to remain an Indian and live according to the old culture should be aided in doing so.

Whichever way the individual Indian may elect to face, work in his behalf must be designed not to do for him but to help him do it for himself."

This is the area of sensitivity to which we have referred and this is the bridge we intend to span.

VII. Accomplishments to Date:

- 1) Since our inception in October, 1974, we have formulated a firm foundation, established a point of credibility in Indian Country and through trial and error, we have established the present guidelines for the overall program of the AIC of C.
- 2) Most importantly, we have made the contacts, both within the private sector and within the various governmental organizations, that will be essential to our ultimate success. These contacts cannot be statistically categorized, but must be placed in the all important area of

VII. Accomplishments to Date:

- 2) "Blue Sky" contacts.
- 3) Most of our projects to date must be classified as experimental, but we learned a lot about do's and don'ts that are pertinent to the AIC of C. This learning process has been costly! Most of the funds required to initiate many of our original projects were contributed by myself, by friends and from lending institutions.
- 4) We arrived at our three basic objectives by the process of elimination. We achieved some success with projects that have been excluded from our program, primarily in the fields of arts and crafts. We feel that an effective program dealing with arts and crafts is essential, but we feel that it is a project that will require concerted efforts from an organization that will be geared to this project only. The cost of such a program would be quite large and although we feel that we developed some basic objectives in this area, we feel that we are not prepared, at the present time, to devote the time needed to make such a program successful and effective.
- 5) We have sought out and enlisted many businesses into our program as can be witnessed by the attached membership listings.
- 6) We have created job positions within the private sector, drawing our prospective job seekers from already established sources, such as the CETA programs and the BIA employment

VII. Accomplishments to Date (Continued):

- 6) assistance programs.
- 7) Our advertising and promotion program was confined to advertising in the Indian newspaper, "Wassaja," but we determined this to be a most effective vehicle for advertising Indian firms. Some of our members observed a marked increase in business and a new visibility because of the exposure they received in this monthly newspaper. On more than one occasion this led to direct contracts from agencies who, heretofore, were unaware of the existence of these particular businesses.
- 8) We realize that the "lessons" learned were on our own time and our own expense. The AIC of C is now ready to implement the program objectives that we have determined to be necessary and important. Initial governmental funding will be necessary to achieve these goals. Thus far, the financial risks have all been "Ours" and we now feel that our program has been "De-bugged." We can now become fully operational with governmental financial participation.

VIII. Personnel:

1) Executive Director

The Executive Director will be responsible for the overall operation and implementation of the AIC of C program. He will act as a diplomat, public relations officer and project director for all outlined objectives.

VIII. Personnel (Continued):

2) Advertising and Promotions Manager

The Advertising and Promotions Manager will be instrumental in developing advertising programs for businesses, organizations and tribal enterprises. This will entail a thorough knowledge of the products and services of each firm requesting his services. This will include the capability of identifying the prominent selling features of marketable products, capitalizing on these features, determining the best methods of advertising for each individual business or program, developing the capacity to market these products, the ability to sell these products to a wider market, the know-how of acquainting prospective buyers from private corporations with Indian entrepreneurs who have salable products and services, and the ability to analyze the "Commerce Daily" and correlate the contracts offered to businesses capable of performing these tasks within their geographical limitations.

3) Executive Secretary

The Executive Secretary will be the mainstay of the daily office activities. She will set up a "Jobs Development" filing system and act as a telephone solicitor in seeking out job positions. She will coordinate contracts to Indian business firms in conjunction with the advertising manager. She will handle the overall management of the office, payroll, budget, interviews, bookkeeping, corres-

VIII. Personnel (Continued):

3) pondence, filing, typing, etc.

4) Part-time Secretary

The Part-time Secretary will handle day to day typing and filing. She will assist the Executive Secretary in the implementation of general office clerical duties, answering telephones, xerox and copying machines, and all AIC of C projects.

AMEPICAN INDIAN CHAMBER OF COMMERCE

IX. Organization Chart:

